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Chapter XIV

The Institutionalisation of User Participation for Systems Development in Telecom Éireann

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EXECUTIVE SUMMARY

It was in 1984 that Telecom Éireann first introduced institutional mechanisms which facilitated employee participation in the formulation and execution of corporate strategy. However, almost ten years elapsed before the full benefits of user participation were realised in the development and implementation of organisational information systems. Two systems development projects that are perhaps exemplars of the manner in which user participation was and still is effected in Telecom Éireann, and which offer unique insights into this multi-faceted phenomenon, are described herein. This case study not only illustrates why user participation is important for systems development in organisations, it also provides evidence that user participation is insufficient for success in systems development if appropriate attention is not given to change management issues associated with the implementation of developed systems. The lessons learned by Telecom Éireann in addressing such issues helped it to evolve its participative policies into a partnership approach to organisational change that helped ensure the success of its strategy of IT-enabled organisational transformation.

BACKGROUND

As the Republic of Ireland's major telecommunications utility, Telecom Éireann provides universal telecommunication service and enjoys a monopoly in many areas of its business. Being a state-owned company, Telecom Éireann's majority shareholder is the Irish Government, which retains a 65% stake in the organisation. The remaining shareholders include Telecom's employees, who hold a 15% stake, and two European telecommunication's operators—KPN (PTT Telecom BV) of Holland and Telia (AB) of Sweden—who jointly own 20% of the company. KPN and Telia also possess options to purchase a further 15% of Telecom's equity. Telecom Éireann entered into a strategic alliance with these companies in January of 1997 in a deal that saw KPN and Telia offer Telecom access to a global telecommunications platform that would enable it to deliver improvements in both the quality and price of its products and services. Despite the many competitive challenges it faces, Telecom's future seems bright, but this was not always so. In its first set of published accounts in 1985, Telecom Éireann reported a loss of IR£65 million on a turnover of IR£389 million with a debt of under IR£1 billion. Some fourteen years on, however, in the published accounts for the year ending 1997/98, the company announced a profit of IR£155 million on a turnover of IR£1.35 billion, with a debt of IR£172 million. In the intervening years, Telecom reduced its cost base by cutting staffing levels from over 18,000 to 11,000. From the very beginning, Telecom's management realised that it had to divest itself of the bureaucratic image and practices of its previous incarnation as a civil service department within the Irish Government. The then CEO was faced with the considerable task of changing the culture, structure, and business processes of the organisation—this change was effected within the framework of industrial democracy. It was within this framework that the company and staff labour unions entered into a policy of participation on all issues of major concern. To help operationalise its policies, the company instituted a profit sharing scheme for all employees based on the achievement of financial and operational targets; it also changed its organisational structure to decentralise decision making in relation to operational matters to regional functional units.

Telecom Éireann's annual report for the year 1994/95 describes several key forces for change in the telecommunications industry in Ireland viz. technology, competition, regulation, globalisation of the telecommunications market, and customer choice. In order to meet the challenges posed by such forces, the company's newly appointed CEO felt that Telecom had to radically improve its ability to meet customer needs by (a) targeting sales, marketing and service delivery capabilities at segmented customer markets; (b) providing customised, competitively-priced packages to business customers; and finally, (c) minimising its operating costs through streamlining customer contact, service delivery, billing, and repair operations. The use of information technology (IT) was considered by the CEO to be the pivotal factor in enabling this strategy. Some of these initiatives were not novel as measures were already established to rectify certain weaknesses in the company's operations; for example, the need for both of the information systems (IS) described in the case study was articulated in early 1994. These systems were proposed in order to help minimise operational costs and streamline telephone service delivery and repair processes.

Under the leadership of its new CEO, Telecom underwent a radical transformation in the four years up to 1998: for example, the company's organisational business