

Case Study: Solomon Telekom LTD

NOTE: This case study does not advocate for or against the nature of government subsidized telcos. It seeks to examine considerations associated with an organization's ability to provide critical services during a contingency.

BACKGROUND:

Solomon Telekom Co. Ltd., also referred to as *Our Telekom*, is the Solomon Islands' only authorized provider of telephone, cell phone and network communications products and services. In addition, they run the Solomon Islands Network Information Centre (sbNIC) which is the registry responsible for maintaining the .sb top level domain. The company enjoys some degree of popular and government support. In fiscal year 2007 they were able to return over US\$19 million in profits back to the island nation's government while still supporting and promoting philanthropy activities throughout the islands. More importantly, they have legislative protection for their monopoly position, although that legislation comes up for review in November of this year. An anticipated competitor, Digicel, attempted to start up operations in the Solomon Islands while that legislation was still in place, but *Our Telekom* obtained injunctions to prevent operating or testing in the country while the existing legislation stands.

In Spring 2008, demands were being made by some employees of Solomon Telekom for the removal of the Chief Executive (CE) over allegations of unfair pay allowances, school fee assistance, interest levels on staff loans, and the distribution of bonus payments. The local employees of Solomon Telekom started to claim management practices applied by the CE to be in breach of local labor laws and in some cases; believed the Commissioner of Labor was misled with respect to the area and cost of localization of telecommunications services¹. Their dissatisfaction extended to others in upper management, particularly expatriates within the staff and local work force.

Demands were eventually made for the removal of all expatriate workers and the full "localization" of the company. During this time period there was some very minor sabotage and general poor behavior on the part of a small number of workers which led to some being locked out and the entire security team being replaced. The Chief Technology Officer was also fired at this time. A complaint by the local workers was referred to the Trade Disputes Board.

As discussions between the labor union and Solomon Telekom's workforce broke down in the middle of June 2008, all indicators pointed to a workforce strike if the CE and Board's Chairman did not step down or resign. The Board of Directors refused to give in to the demands of the 318 indigenous workers and staff, and a strike was initiated on June 18th. The Solomon Times² reported local workers stating, "There won't be any flights, banking will be affected, businesses and individuals will not communicate through fax, telephone, and email, resulting in an almost total shutdown of communications with the rest of the world." These threats became a reality on June 23rd, with the loss of satellite links to the provincial centers providing the only services to the many separated islands. On June 25th, the main fiber optic cable lines were sabotaged and cut at the central office. This strike was more protracted than the

¹*Our Telekom Staff Demand Resignation of CEO*, By Genesis Kofana; Solomon Times, May 28, 2008; <http://www.solomontimes.com/news.aspx?nwID=1809>

²*Telekom Risks Shutting Down*; Solomon Times, June 10, 2008; <http://www.solomontimes.com/news.aspx?nwID=1924>

original lock-out and significant numbers of systems were sabotaged, or “set up to fail” just before or during this strike. Only a very limited number of local staff continued coming to work. The IS department that runs the sbNIC figured prominently during the strike. Various techniques were used to intimidate or threaten staff who tried to come to work.

QUESTIONS:

- **How would you prepare for an event like a labor strike which could threaten to shut down a major network like Solomon Telekom?**
- **How did the monopoly status of Solomon Telekom affect the number of options they had available for continuing telecommunications services for their customers?**
- **What specific actions might sbNIC have taken to ensure their registry services were available during the strike?**

EPILOGUE:

As promised by the workers, businesses and critical infrastructure were brought to their knees and almost led to the cancelation of all flights in and out of the islands³. The telecom's efforts to bring in replacement workers was thwarted by the pre-negotiation between the local and regional workers' unions, thus further prolonging the service outages.

Eventually, politicians got involved in a significant way. After local law enforcement secured facilities, the Solomon Islands' government worked to secure the resignation of the company's CE. The Chairman of the Board of National Provident Fund (NPF) – a statutory body and principal shareholder of Solomon Telekom – resigned over the interference. In the end the CE tendered his resignation and Telekom's Board accepted it.

Even after the strike was over, there was still a lot of "go slow." The IS department was being retaliated against and customers needing repairs for their IT communications were being put to the bottom of the list. The strike leaders were still very active and trying to convince workers that the CE's resignation was a trick. They were insisting on another strike to force him to leave the country immediately. This time, though, most of the workers were against it.

Eventually, the CE left one week before his official resignation was to take effect, and the COO took over as CE – the first local to do so.

ANALYSIS:

sbNIC continued to function throughout, but that was more good fortune than actual planning. But a major awareness has been left in the minds of many about how fragile the networks are.

Underlying the whole thing was a personal and political issue (in the business sense). It was the mismanagement of the personal and political issues over a long time that actually precipitated the whole series of events. Cultural issues and long standing prejudices were used and abused in stirring up contentions.

Government involvement eventually restored services, but at the cost of a major loss of service and critical communications to isolated areas and customers, the resignation of the Board of Directors, and tarnishing of the company's image.

³ *Telekom Strike May Disrupt Air Services*; Solomon Times, June 23, 2008; <http://www.solomontimes.com/news.aspx?nwID=1977>