Does Formal Independence Matter? Measuring Regulatory Interdependence in Networks: The Case of Telecoms Sector in Egypt

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Abstract

In this paper, the central dimensions of regulatory independence within the realm of the telecommunications market in Egypt will be measured against two main aspects: formal and defacto independence. The major indicators for measuring formal independence are: independence from the parent organisation; independence from the regulated industry and other stake-holders; the independence of the decision-making process; and financial and organisational autonomy. In addition to measuring formal independence the paper will also cover another aspect which has not been investigated in details in the literature on regulatory independence which is the informal or the defacto independence. The core argument is that in network settings measuring formal aspects of regulatory independence is important but not sufficient for a holistic understanding of the notion of independence. The ability of regulatory agencies to work independently from other network actors sharing the same regulatory space can be compromised when regulators are short of powers that enable them to reinforce their formal independence and to build up their creditability. Empirical material collected from 44 interviews with different stakeholders in the Egyptian telecommunications market will be used to measure formal and defacto aspects of regulatory independence. The initial findings of the paper shows that measuring the independence of the regulatory agency against the formal criteria shows a higher level of independence compared to the informal measure which indicates that in practice regulatory independence is a complex issue as many factors many intervene with ability of the regulatory agency to act independently from other network actors. This suggests that in networks what really matters not formal independence but regulatory interdependence.