Chapter 2

Towards a Customer Centric E–Government Application:
The Case of E–Filing in Malaysia

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EXECUTIVE SUMMARY

Information Communication Technology (ICT) have played an important role in today's global economy. Many countries have gained successful growth due to the implementation of ICT. In Malaysia, increased utilization of ICT has contributed significantly to the total factor productivity. One of the main contributing factors is the e-commerce and Internet based services. Therefore this case study aims to examine the contribution of the newly introduced E-government application namely E-filing system. E-filing system is a newly developed online tax submission services offered by the government to the tax payers in the country where they are able to easily, quickly and safely file their tax returns. The primary discussion in this case study concerns on the Malaysian's ICT revolution, followed by the introduction of E-Filing system, the challenges and barriers faced by the government and concluded with the future trends in the implementation of this system.

INTRODUCTION

Role of ICT

The advances in information and communication technologies (ICT) have raised new opportunities for the implementation of novel applications and the provision of high quality services over global networks. The aim is to utilize this "information society era" for improving the quality of life of all citizens, disseminating knowledge, strengthening social cohesion, generating earnings and finally ensuring that organizations and public bodies remain competitive in the global electronic marketplace (Hesson & Al-Ameed, 2007).

Developed economies are identified with countries that properly use technology for the creation of wealth and less developed economies are identified with countries lacking technological know-how necessary to create wealth (Khalil, 2000). As such,

a proper management of technology also includes low-tech to high-tech to super-high technologies. Khalil (1993) asserted that a proper management of low or medium level technologies can still create a certain competitive advantage and be effectively used for wealth creation. This is especially evident in newly industrialized countries (NICs) such as Taiwan, Korea, Singapore and Malaysia.

In Malaysia, ICT has assimilated into people's lives in many ways such as communication, logistics or in their working environment. Malaysia has invested enormously in ICT over the years. For example in the Ninth Malaysian Plan (2006-2010), a total of US$6 billion was allocated for enhancing ICT diffusion throughout the country. This shows the importance given by the country for ICT accelerate the economic competitiveness of Malaysia (Kuppusamy et al.2009).

Impact of ICT on Economic Growth

Solow (1957) through his famous seminal research on the contribution of technology on productivity growth in the US had sparked great interest among scholars on the relationship between technology and economic progress.

Since then, various firms, industries and countries have undertaken studies to find out more on the relationship between technology and economic growth.

Based on the study of Jalava and Pohjola (2002), both the production and use of ICT have been the factors behind the improved economic performance of the United States in the 1990s. A further research done by Jalava and Pohjola (2007) proves that the ICT's contribution to the economic growth of Finland was three times larger than the contribution of electricity industry.

In relation to the study done on Korea's economic development from 1996-2001, it is proven that Korea's economic development in the 20th century are mainly due to the growth of industries related to ICT and also the government's treatment

of ICT as a strategic focus for future development (Lee, 2003)

Kuppusamy and Shanmugam (2007) examined the impact of ICT on Malaysia over the periods of 1983-2004 and reveals that ICT investment has statistically improved Malaysia's economic growth. Antonopoulos and Sakellaris (2009) investigated the impact of ICT on Greece and found that the ICT has increased the total factor productivity and also benefited the finance, real estate and business services industries and the wholesale and retail industries in Greece.

This case study sets out to describe the approach adopted by the Malaysian government in enhancing the usage of ICT in the country. In particular, this case study will focus on the success of the newly introduced E-government services in Malaysia that is the E-filing System.

Literature Review on Technology Adoption

Previous studies have proven the various reasons affecting the technology adoption. Survey done by Lai et al. (2004) on the tax practitioners and the electronic filing system in Malaysia founds that there is a strong relationship between technology readiness and intention to use E-Filing system. Technology readiness is the main motivation in using the particular system. However, the survey also reveals that perceived insecurity could be an obstacle in promoting the E-filing system.

This survey is supported by another survey done by Lai et al. (2005) which claims that tax practitioners are willing to accept a technology which is easily to be used and can enhance their job performance; however the fear of Internet security has stopped many of them on filing tax online. This is also supported by study done by Sena and Paul (2009) which finds that the main reason for the decrease in the usage of Internet banking (IB) in Turkey are due to perceived risk on security features of IB.

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