

## Chapter VIII

# E-Government and Its Impact on E-Commerce in LDCs

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### ABSTRACT

*This chapter illustrates the impact of electronic government (e-government) on electronic commerce (e-commerce) development and implementation in the Less Developed Countries (LDCs). It introduces e-government from a business point of view. We try to assess the capacity of e-government as an enabler to e-commerce. Furthermore, since e-government is about enhancing efficiency and transparency of government operation; we shall explore new perspectives on how and where e-commerce can avail from this shift in government operation paradigm. There are new opportunities for LDCs in particular to utilise new IT offerings to achieve growth, efficiency, and cost reduction. We will discuss some of these towards the end of the chapter. In the process, we will try to draw the connection between e-government and e-commerce in such a way that helps decision makers understand the potential of e-government for a better implementation of e-commerce.*

### INTRODUCTION

Sustainable business has a number of basic requirements. Political stability plays an important role. In addition, a government vision that materialises in the form of laws and regulations to

encourage investment is a principal factor. There have been few developing countries that succeeded in promoting their economies. They are often referred to as Newly Industrialized Countries (NICs). As the title suggests “Industry” is still a key component for economic renaissance. To

maintain quality and competitive industry; knowledge is needed. In the information age, the world witnesses a shift towards Knowledge Economy. In today's global economy, knowledge has become a key component to drive innovations in business. Innovation is necessary for survival amidst the fierce competition. Technology advances rapidly and knowledge is needed in every step of the production process.

Having a good economy goes hand-in-hand with human development. Business cannot thrive in a poor environment neither when the majority of the labour force is unskilled or illiterate. It is our mission in this chapter to provide some important guidelines curb such deficiencies. These suggestions will enlighten decision makers to make informed decisions in order to achieve economic growth. In particular, we will explore the rule of government in giving rise to e-commerce.

According to the UN, the digital divide between north and south is widening. The problem is getting worse as the living environmental conditions are deteriorating in many LDCs. Poverty and famine strike harder. This leaves governments in a position where they strive to meet urgent human needs. In spite of this reality, we will see how savvy governments can wisely seek development through innovative solutions. We will mention some examples of implementation.

One major government responsibility is to try to reduce the digital divide. Reducing the digital divide means that knowledge becomes more and more ubiquitous which impacts all sectors in a society. Knowledge is very much needed for every society. LDCs in particular experience severe lack of professional knowledge. Governments should utilise ICT to promote good living of the society. They should perceive themselves as an enabler to other sectors like business. Public partnership with the private sector is vital. Each government must provide facilitation for building a solid ICT infrastructure. This should be part of their national strategy. Governments themselves

should engage in digitizing their operation internally and externally. This has great benefits, as we shall later in the chapter. E-government has a profound impact on e-commerce. This is the main focus area of this chapter.

## **PREVIOUS STUDIES**

Most hitherto research efforts were carried out by scholars who looked at electronic government (e-government) from government perspective. Many research papers were published by scholars involved already in government projects. There has been some serious research in on Public-Private Partnership (PPP) (e.g. Wood-Harper et al, 2004). These papers served largely to stress the importance of PPP as well as to suggest new theories on how to enhance this relationship. Some other research effort on the other hand focused on challenges faced by LDCs in the process of establishing e-government (e.g. Heeks, 2002, Ndou, 2004...etc.)

While most research is single case-based (e.g. Zukauskas & Kasteckiene, 2002) this chapter tries to fill the void by looking globally at how e-government and Electronic Commerce (e-commerce) can prop up one another. In the course of this study, we will introduce e-government from a new perspective and explain how its establishment can really achieve development through the encouragement of investment and the support it provides for the private sector. It is the first attempt to scrutinise the impact of e-government on e-commerce and development in LDCs.

This chapter is more than just exploring the relationship between e-government and e-commerce. It serves as an augmented guide to e-government. It introduces some new ideas for enhancing e-government. LDCs environment is kept in mind while writing the chapter. Whenever possible, reference is made in relation to opportunities and challenges attributed for LDCs.

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