

# Chapter 6.15

## Managing Stakeholder Interests in E–Government Implementation: Lessons Learned from a Singapore E–Government Project

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### **ABSTRACT**

As e-government plays an increasingly dominant role in modern public administrative management, its pervasive influence on organizations and individuals is apparent. It is, therefore, timely and relevant to examine e-governance—the fundamental mission of e-government. By adopting a stakeholder perspective, this study approaches the topic of e-governance in e-government from the three critical aspects of stakeholder management: (1) identification of stakeholders; (2) recognition of differing interests among stakeholders; and (3)

how an organization caters to and furthers these interests. Findings from the case study point to the importance of (1) discarding the traditional preference for controls to develop instead a proactive attitude towards the identification of all relevant collaborators; (2) conducting cautious assessments of the technological restrictions underlying IT-transformed public services to map out the boundary for devising and implementing control and collaboration mechanisms in the system; and (3) developing strategies to align stakeholder interests so that participation in e-government can be self-governing.

## INTRODUCTION

The notion of corporate governance is a subject of debate in the strategic management literature (Sundaramurthy & Lewis, 2003). Disputes have persisted over the optimal configuration of power in an organization to exploit the collective strength of its stakeholders (Demb & Neubauer, 1992; Sundaramurthy, 2000; Westphal, 1999).

Scholars such as Eisenhardt (1989), and Hawley and Williams (1996) have argued that self-serving opportunism is a predominant habit among stakeholders. They suggest that procedural controls must be enforced to restrain the manifestation of delinquent behavior. Yet social psychologists suggest otherwise. Noting that stakeholders are inherently inspired by motivational desires of self-actualization (Davis et al., 1997), they propose that instead of imposing restrictive perimeters around stakeholders' actions, responsible stakeholders should, in fact, be empowered to exercise their own judgments and should be cherished as partners of the governance system (Donaldson & Davis, 1994). Not surprisingly, these opposite viewpoints have prompted other researchers to seek alternative theoretical approaches that go beyond the direction of either stance (Audia et al., 2000). Among them, Demb and Neubauer (1992) propose a paradoxical approach to corporate governance—one that encapsulates the simultaneous demand for both stakeholder control and cooperation.

Advances in Information Technology (IT) and the assimilation of IT into business processes have further complicated the theoretical framing of corporate governance. Indeed, Allen et al. (2001) postulated that the emergence of electronic governance (e-governance) goes beyond the mere adaptation of technologies to encompass novel patterns of managerial decision-making, power-sharing, and coordination. They proposed that it also includes the induction of adaptive corporate structures, innovative leadership styles, and even a redefinition of business purpose, all of which

are made possible and necessary through IT (Allen et al., 2001). In this sense, e-governance may be considered the embodiment of the challenges facing corporate governance in the presence of IT. In this study, we define e-governance as the effective utilization of IT to strategically manage stakeholders for competitiveness. In our definition, we draw on scholarly predictions that foresee the future of organizations as intimately dependent on their capabilities in exploiting the potential of technological innovations to harness competencies in an enhanced network of stakeholders (Guillaume, 1999; Prahalad & Ramaswamy, 2000).

The managerial interpretations of e-governance are not exclusive to the private sector (Allen et al., 2001; Seavey, 1996). Pablo and Pan (2002) noted similar IT-induced reforms in civil administration. With a renewed strategic focus on citizens as partners in the governing process (Wimmer & Traunmuller, 2000), this modernized approach to public management promises expanded functionalities through IT integration and has been popularly termed Electronic Government (e-government) (Stratford & Stratford, 2000). Aichholzer and Schmutzer (2000) noted the fundamental changes in public management that IT could bring, and advised that the e-transformation of conventional government operations should entail a corresponding reconceptualization of the underpinning governance system.

Indeed, the study of e-governance in e-governments could offer an excellent opportunity to explore the challenges encountered by government agencies in redefining their tactics in IT-enabled stakeholder management. This article adopts an e-governance perspective to examine the Electronic Tax Filing (e-filing) system, a pioneering e-government initiative of the Singapore government. By means of a case study, we seek to unveil the strategic elements of effective e-governance. In particular, we focus on how IT can be effectively harnessed to handle the paradox of control and collaboration in stakeholder management within an e-government system. We consider also the

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