Managing Stakeholder Relationships in an E-Government Project

Calvin Chan  
National University of Singapore

Shan Pan  
National University of Singapore

Chee-Wee Tan  
National University of Singapore

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MANAGING STAKEHOLDER RELATIONSHIPS
IN AN E-GOVERNMENT PROJECT

Calvin M. L. Chan
National University of Singapore
cchan@comp.nus.edu.sg

Shan-Ling Pan
National University of Singapore
pansl@comp.nus.edu.sg

Chee-Wee Tan
National University of Singapore
tancw@comp.nus.edu.sg

Abstract

Typical e-government projects, especially government-to-citizen applications, often involve multiple stakeholders. However, there is a lack of literature that addresses how government agencies can manage the stakeholder relationships in such projects. In this paper, stakeholder theory is used to look at how these relationships were managed in an e-government project, providing a perspective on stakeholder relationships management in e-government projects. This paper can also serve as a reference for practitioners to more holistically identify their stakeholders and manage their stakeholder relationships.

Keywords: E-government, project management, stakeholder relationships management, stakeholder theory

Introduction

The appeal of the digital realm has ensnared both businesses and governments alike (Holmes 2001; Lawson 1998; Stratford and Stratford 2000). Assisted by technological innovations, governments are increasingly transformed from a bureaucratic and inflexible stereotype (Aichholzer and Schmutzer 2000; Mecella and Batini 2001; Moon and Bretschneider 2002) to one that is customer-oriented and efficiency-conscious (Devadoss et al. 2002; Kraemer and Dedrick 1997; Poon 2002; Watson and Mundy 2001). To achieve such customer-centric business reformations, the seamless cooperation among governmental agencies in delivering public services (Allen et al. 2001; Devadoss et al. 2002; Ho 2002; Lenk and Traunmuller 2000; Wimmer et al. 2001) is pivotal to the creation of an internetworked government (Tapscott 1996) where “one-stop, non-stop” services are prevalent and “power is transferred to the people” (Lawson 1998). The effects of such collaborations are most apparent in government-to-citizen applications where metric has been developed to assess the level of integration between related governmental services (Accenture 2002).

Nevertheless, implementing e-government projects with multiple stakeholders is an obstacle-lined journey, especially in the management of complex, and at times, even conflicting stakeholder relations (Frooman 1999). Consequently, it is noted that effective stakeholder relationship management is an essential factor in successful e-government implementations (Pardo and Scholl 2002; Scholl 2001).

This paper will investigate how stakeholder relationships are managed in an e-government project and contribute towards the area of e-government project management. The study will adopt a rendition of the stakeholders theory, which is derived from resource dependence principles (Frooman 1999; Pfeffer and Salancik 1978), and apply it to the development of an e-government initiative involving multiple stakeholders. In particular, this research proposes a framework to identify four categories of stakeholders in e-government projects together with corresponding managerial approaches. Hence, it elucidates the often-neglected but important issue of stakeholder relationships management in e-government projects.
e-Government Initiatives and Its Stakeholders

Most of the existing literature on e-government is rhetorical rather than empirical (Devadoss et al. 2002). Topics from recent studies include best practices (Huang et al. 2002; Pardo and Scholl 2002; Rupp 2002; Whitson and Davis 2001), outsourcing (Chen 2002; Alexander 2002) and technologically-driven articles that focus on the technicalities of e-government implementations (Cap and Maibaum 2001; Gant and Gant 2002; Klischewski and Wetzel 2001).

A key difference between commercially driven systems and e-governmental initiatives resides in the political context of public organizations where the broader range of constituent stakeholder groups must be considered (Robertson and Seneviratne, 1995; Traunmuler and Wimmer 2000). Although the significance of identifying and managing stakeholder relations in e-government projects have been observed (Elgarah and Courtney 2002; Pardo and Scholl 2002; Scholl 2001), there is inadequate understanding on how such relationships can be strategically managed.

The stakeholders theory has previously been proposed for stakeholder identification and management in public sectors (Tennert & Schroeder 1999) with subsequent studies successfully applying the concept to determine stakeholder requirements within e-government projects (Pardo et al. 2000; Pardo and Scholl 2002; Scholl 2001). In their study, Pardo et al. (2000; Pardo and Scholl 2002; Scholl 2001) noted the importance of identifying stakeholders and incorporating their requirements in the development and maintenance of an e-government system. However, no systematic methodology was introduced for stakeholder identification nor was the issue of stakeholder relationship management addressed.

Thus, this paper adopts the concept of stakeholders’ saliency (Frooman 1999; Jawahar and McLaughlin 2001; Mitchell et al. 1997) and the “Typology of Relationships between Stakeholders and Firm” (Frooman 1999; Pfeffer and Salancik 1978) to analyze the management of stakeholder relations during e-government project development.

Stakeholders Theory

Stakeholders theory deals with managerial behavior in response to stakeholders, who are defined as groups and individuals who can affect or are affected by the achievement of the organization’s objectives (Freeman 1984). Frooman (1999) together with Jawahar and McLaughlin (2001) have formerly proposed the merging of stakeholders theory with resource dependence principles as a means of isolating salient stakeholders in a firm. Resource dependence theory states that organizations resemble open systems where survival depends on other entities in the same environment (Yuchtman and Seashore 1967). The extent of this dependency corresponds proportionally with the importance and degree of control that the external entities have over the required resource (Pfeffer and Salancik 1978).

Naturally, the most salient stakeholders are identified so that companies can focus on stakeholders possessing resources that are crucial to their survival (Frooman 1999; Jawahar and McLaughlin 2001). Such views are reinforced by Mitchell et al. (1997), who suggested that the saliency of a stakeholder is a dynamic, time-sensitive social construct that is subjective upon the firm’s management. In addition, they noted the assessment of stakeholder saliency as a sub-conscious and unintentional exercise.

Besides the identification of salient stakeholders, Frooman (1999) also devised a typology of relationships between stakeholders and firms based on resource dependence theory (Pfeffer and Salancik 1978) [Figure 1]. Even though the typology is initially utilized for the discussion of possible strategies that stakeholders can employ to influence organizational decision-making, this paper posits that the framework can be extrapolated to understand how firms can manage relationships with their various stakeholder categories.

Each axis of the typology reflects the dependency between the firm and its constituent stakeholders. Although the level of dependency typically exists as a spectrum, it is simplified as a dichotomy of dependency and non-dependency. Pfeffer and Salancik (1978) have observed that resource dependent relationships can be classified as asymmetrical or symmetrical. In asymmetrical relationships, one party is less dependent on the other party, resulting in lopsided power distribution. Hence, the Firm Power and the Stakeholder Power quadrants reveal asymmetrical relationships. On the other hand, in symmetrical relationships, neither party has an absolute advantage. Thus, both the Low Interdependence and the High Interdependence quadrants reveal symmetrical relationships.
<table>
<thead>
<tr>
<th>Is the Firm Dependent on the Stakeholder?</th>
<th>Is the Stakeholder Dependent on the Firm?</th>
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<tbody>
<tr>
<td>No</td>
<td>Low Interdependence</td>
</tr>
<tr>
<td>Yes</td>
<td>Stakeholder Power</td>
</tr>
<tr>
<td></td>
<td>Firm Power</td>
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<td></td>
<td>High Interdependence</td>
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**Figure 1. Typology of Relationships between Stakeholders and Firm**

As firms will give little, if any, attention to the stakeholders whom it is not reliant on (Frooman 1999; Jawahar and McLaughlin 2001; Mitchell et al. 1997; Pfeffer and Salancik 1978), stakeholders who are in the Low Interdependence and Firm Power quadrants are unlikely to be of much concern to the firm.

Moreover, from the organization’s perspective, the most desirable situation will be when the asymmetry of influence is tilted towards the firm, i.e. the Firm Power quadrant. As mentioned before, stakeholders who are in the Firm Power quadrant are of low salience since the firm does not depend on them. In contrast, the most undesirable circumstances will occur when the asymmetry of influence is tilted towards the stakeholders, i.e. the Stakeholder Power quadrant. As a result, more attention will be paid to stakeholders in this quadrant, especially in instances where conflicts of interest may place the firm in a highly disadvantaged position (Frooman 1999; Pfeffer and Salancik 1978).

Another group of stakeholders who are of high salience to the firm are in the High Interdependence quadrant. Power between the stakeholders and the firm in this quadrant is more evenly distributed, making both parties susceptible to the negotiation of a mutually acceptable solution during disputes (Frooman 1999). This is supported by studies in game theory (Harsanyi 1977; Nash 1953) as well as empirical research on social exchange behavior in bilateral deterrence (Lawler and Yoon 1995; 1996). Hence, it is posited that given the opportunity, firms would maneuver their stakeholders in the Stakeholder Power quadrant toward the High Interdependence quadrant.

In the context of e-government projects, the firm will be the agency leading the project. Therefore, stakeholders in each of the quadrant are as follow:

- **Low Interdependence** – general public and other governmental agencies that have no direct interest in the e-government project. Moreover, the successful implementation of the project does not dependent on these stakeholders.

- **Firm Power** – general public and other governmental agencies that are reliant on or will benefit from the e-government project. However, the successful implementation of the project is not dependant on these stakeholders.

- **High Interdependence** – general public and other governmental agencies that are reliant on or will benefit from the e-government project. Moreover, the successful implementation of the project is dependant on these stakeholders.

- **Stakeholder Power** - general public and other governmental agencies which the successful implementation of the project depends on. However, these stakeholders are not reliant or will benefit from the e-government project.

**Methodology**

Participatory action research was employed for data collection in this study. Action research is a method of field study where the researcher adopts the role of a participating observer through intervening on the subject under study. As action research is not
a positivist methodology, it cannot be evaluated based on positivist criteria (Susman and Evered 1978). Instead, it embraces a postmodernist perspective of subjective observations and contextual realism (Baskerville 1999a) as well as an interpretive and idiographic posture (Baskerville 1999b). It is founded on the belief that “human organizations, as a context that interacts with information technologies, can only be understood as whole entities” (Baskerville 1999b). As such, it allows researchers to study the complexities and issues within organizational context (Braa and Vidgen 1999). Thus, action research is appropriate for the study of subjective and socially-constructed issues like stakeholder saliency as well as complex and ill-defined phenomena like organization-stakeholder relationships.

The first author, who was a consultant in the project, was endowed with the privilege of being completely immersed in the context of study. Throughout the period of project development from January-July 2001, he attended the various project related meetings at both the management and operational levels, where notes of meetings were categorically recorded. Apart from the formal project related meetings, he also interacted informally with both the firm and stakeholders through conversations and socialization. All these facilitated in constructing an in-depth understanding of the social and organizational aspect of the project, as well as the relationships between the public agency and its various stakeholders. Furthermore, construct validity of this study was affirmed by the project sponsor helping in the review of this paper (Yin 1994).

**Case Description and Analysis**

**Case Background**

In Singapore, anyone who wishes to set up a public entertainment venue have to apply a maximum of six different licenses from various government agencies, including the Public Entertainment Licensing Unit (PELU), Fire Safety and Shelter Bureau (FSSB), National Environment Agency (NEA), Liquor Licensing Board (LLB), Urban Redevelopment Authority (URA), Housing & Development Board (HDB) and Inland Revenue Authority of Singapore (IRAS). As such, an applicant may have to make multiple trips in order to apply for the respective licenses. Since most of the documents required to support the application are similar across various licenses, an applicant will be prompted for the same information at each of the agencies. Furthermore, the application process may take as long as two months and hence contributing to the stereotyped-image of governmental agencies as bureaucratic and inefficient.

Diagnosing the situation, the Singapore Police Force (SPF) proposed the One-Stop Public Entertainment Licensing Centre (OSPEC). SPF perceived OSPEC as “a significant [e-government] initiative that coordinates and integrates licensing services cutting across various agencies to provide a seamless service to the applicant without compromising on the requirements”. Furthermore, clear objectives were instated for OSPEC, which are:

- Applicant shall “only need to fill in one application form for all the different agencies”;
- Applicant shall “not be asked for the same information and documents repeatedly”;
- Applicant shall “only need to make one application for the different licenses and shall receive only one consolidated respond from OSPEC“;
- Applicant shall “need to make not more than one physical visit to any of the agencies”;
- Applicant shall “receive a respond within 14 days”.


The project was completed and launched on 9th July 2001. The OSPEC website is accessible through the eCitizen Portal, which is the Singapore government’s flagship portal for all internet-enabled e-government services [Figure 2]. Through the system, applicants can now submit just one electronic application to the various government agencies, concurrently applying for all the required licenses [Figure 3]. This saves the applicant from the inconvenience of making multiple trips and also “drastically reduced the processing time from an average of two months to a maximum of fourteen days”. This efficiency was only achievable through the “facilitation of technology, process re-engineering and overcoming entrenched mindsets”.

The public has found OSPEC to be “a refreshing change… [as]…several government agencies come together to provide one-stop services instead of having to visit multiple agencies to get things done”. Indeed, it has been mentioned that OSPEC is “one of the leading examples of e-government that has effectively debunked the unfriendly government agency image”.

**Stakeholders’ Saliency and Relationships Management**

Following the typology of relationships between stakeholders and firms [Figure 1], the stakeholders in the OSPEC project were classified into the four quadrants. In addition, the relationship management approach for the stakeholders in each quadrant will be discussed.

One group of stakeholders in e-government projects is the general public (Haque 2001; Ledingham 2001) who are Potential Public Users of the service. However, their inputs were never actively sought for the OSPEC project as these Potential Public Users “will not be utilizing nor [are they] interested in the services offered by OSPEC”. Nevertheless, in trying to create awareness on OSPEC, SPF attempted to communicate unilaterally with this group of stakeholders. During the public launch of OSPEC, the local mass media was invited to cover the event and press releases were made.

Applying resource dependence principles, the degree of dependency between the Potential Public Users and the OSPEC project is considered to be low as neither parties is reliant on the other to achieve its objectives (Yutchman and Seashore 1967; Pfeffer and Salancik 1978). Thus Potential Public Users is considered to be the least salient when compared with other stakeholders (Frooman 1999; Jawahar and McLaughlin 2001; Mitchell et al. 1997). This also explains why SPF spent less effort in managing its relationship with this group of stakeholders. Consequently, Potential Public Users are classified under the Low Dependence quadrant [Figure 4]. Moreover, in the context of this case, it was observed that the relationship management approach for this group of stakeholders is to keep them informed and aware of the project [Figure 4].

Another group of stakeholders is the existing operators of public entertainment venues, who were “represented by the trade associations of public entertainment organizations”. This group of stakeholders will be the primary users of OSPEC as they will need to renew and apply their licenses on a regular basis. As compared to the Potential Public Users, SPF paid more attention to this group of stakeholders. A prototype of the OSPEC application was demonstrated to this group of stakeholders before it was
Given their “need to renew and apply for new licenses” on a regular basis, the degree of dependency of this group on the OSPEC project is deemed to be higher than the Potential Public Users. However, this dependency is asymmetrical as OSPEC is a regulator of their industry and “can approve or revoke their application” (Frooman 1999; Pfeffer and Salancik 1978). Moreover, the OSPEC project is also offering to emancipate this group of stakeholders from the bureaucratic and inefficient license application process. As influence in this relationship is viewed to be with the public administrators of OSPEC, this group of stakeholders is called Dependent Public Users. Even though the saliency of this group is higher than the Potential Public Users, they will not be the primary focus of the OSPEC project as they are considered to be the party with lesser influence in this relationship (Frooman 1999; Jawahar and McLaughlin 2001; Mitchell et al. 1997). Hence, they are classified under the Firm Power quadrant [Figure 4]. This explains why SPF demonstrated a prototype to this group and addressed their concerns and questions, but did not go a step further to incorporate their requirements. Thus, it can be seen that the relationship management approach adopted for Dependent Public Users of the OSPEC project is to prepare them for the new e-government project and to address their concerns [Figure 4].

As one of the stated objectives of the project is to have “one application form for all the different agencies”, another group of stakeholders is the different government agencies that play a part in the processing of all the different public entertainment related licenses (Pardo and Scholl 2002). These include “PELU for the Public Entertainment License, FSSB for Fire Safety License, NEA for Foodshop License, LLB for Liquor License, URA for Change of Use Approval, HDB for Permission for Use, and IRAS for CESS” (a form of tourism-related duty) collection. Since the OSPEC project was spearheaded by the SPF, other agencies (except PELU which is a sub-unit under the purview of the SPF) are not obliged to collaborate on the project. In order for the OSPEC project to realize its objectives, SPF had to convince these other agencies to come on board. Lengthy meetings were held with each agency individually to garner their support for OSPEC. Once the agencies indicated their willingness to join OSPEC, further meetings and discussions were devoted to the gathering of their requirements. These requirements were later incorporated as part of the requirements for the OSPEC application. Throughout their dealings with this group of stakeholders, SPF adopted a “Spirit of give and take”, where the needs and requirements of the stakeholders were taken into consideration. In return, SPF gained the stakeholders’ commitment to OSPEC. In recounting their experience, SPF also emphasized that a “Give and take spirit is important between different agencies”. On a few occasions, SPF relented to the request of some of the agencies, despite it leading to an increased workload for OSPEC. For example, one of the agencies which was concerned over the security of connecting OSPEC directly to their backend system, requested for the application to be routed to them via email. Even though this translated to additional processes for OSPEC, SPF acceded to their request for the sake of the project.

Thus, SPF is observed to be dependent on this group of stakeholders in order for it to achieve the stated objectives of OSPEC. However, as this group of stakeholders is not reliant on OSPEC, this relationship is viewed to be asymmetrical (Frooman 1999; Pfeffer and Salancik 1978). This group of stakeholders is thus termed as Dominant Partners. Dominant Partners is considered to be the most salient among the three groups of stakeholders as it enjoys the favorable position in this asymmetrical relationship. Hence, this group of stakeholders is classified under the Stakeholder Power quadrant [Figure 4]. This explains the rationale behind SPF’s extensive investment of time and effort on this group of Dominant Partners (Frooman 1999; Jawahar and McLaughlin 2001; Mitchell et al. 1997; Pfeffer and Salancik 1978). Thus, it can be seen that the relationship management approach adopted for this group of stakeholders is to actively seek and satisfy their requirements so as to gain their commitment to the project [Figure 4].

Moreover, to achieve a more leveled relationship (Frooman 1999), SPF was seen to be persuading the Dominant Partners to become Amiable Partners; moving them from the Stakeholder Power quadrant to the High Interdependence quadrant [Figure 4].

When seeking the participation of the Dominant Partners in OSPEC, SPF highlighted to them the possible implication of not joining OSPEC. Firstly, SPF stressed to the Dominant Partners that OSPEC is an initiative that will reap tremendous benefits for the public, especially applicants of public entertainment related licenses. It was thus deemed to contribute towards changing the image of the government agencies from one that is bureaucratic and inefficient to one that is customer centric and sensitive to the needs of citizens (Aichholzer and Schmutzer 2000; Mecella and Batini 2001; Moon and Bretschneider 2002). Thus, if an agency chooses not to participate, they may be perceived to be stagnant in the old typecast while the others advance their standing in the public’s perception.
Is the Stakeholder Dependent on OSPEC?

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
</table>
| **Is OSPEC Dependent on the Stakeholder?** | **Low Interdependence**  
- Potential Public Users  
- **Relationship Management**  
  - keep them informed and aware of the project | **Firm Power**  
- Dependent Public Users  
- **Relationship Management**  
  - prepare them for the new e-government project and address their concerns |
|               | **Stakeholder Power**  
- Dominant Partners  
- **Relationship Management**  
  - actively seek and satisfy their requirements so as to gain their commitment to the project  
  - when possible, maneuver them to become Amiable Partners | **High Interdependence**  
- Amiable Partners  
- **Relationship Management**  
  - negotiate mutually acceptable solutions to avoid mutual disaster |

Figure 4. Typology of Relationships between Stakeholders and OSPEC

Secondly, senior management of the civil service has previously released a policy statement on e-government, which stressed the significance for public service “to serve citizens and customers the best way possible” through the use of “Information-Communications Technology, [which] allows the Public Service to offer its services with a convenience, effectiveness and efficiency never possible before.” It also introduced the notion of “Many Agencies, One Government” where “ Agencies must embrace the idea of ‘boundarylessness’ between them. There must be ‘horizontal’ thinking between agencies for the sake of the customer, not ‘vertical’ thinking just for the sake of the agency.” This policy statement opened doors for the OSPEC project as it was deemed to be a respond to the call of the senior management. Thus, when recruiting the support of the other agencies, SPF has made references to this policy statement and noted that OSPEC was one of the first cross-agency projects in the government. Consequently, if the agencies were to join OSPEC, they will be among the first to respond to the policy statement.

These observations are inline with the earlier posited statement that “given the opportunity, firms would maneuver their stakeholders in the Stakeholder Power quadrant toward the High Interdependence quadrant.” In this case, indirect stakeholders such as general public and senior management of the civil service were recruited to influence the Dominant Partners to become Amiable Partners. Thus it can be seen that the relationship management approach adopted for Dominant Partners also include maneuvering them to become Amiable Partners when possible, as it is believed that Amiable Partners will be more susceptible to negotiating a mutually acceptable solution to avoid mutual disaster (Frooman 1999; Harsanyi 1977; Lawler and Yoon 1995; 1996; Nash 1953). Consequently, the relationship management approach adopted for Amiable Partners is to negotiate mutually acceptable solutions to avoid mutual disaster [Figure 4].

Conclusion

Addressing the current deficit of literature on the vital subject of stakeholder relationships management in e-government projects (Elgarah and Courtney 2002; Pardo and Scholl 2002; Scholl 2001), this paper has shown how stakeholder relationships were managed in an e-government project. It has adopted a rendition of the Stakeholders Theory, which is derived from resource dependence principles, to study the development of an e-government initiative that involved multiple stakeholders. Consequently, a framework for identifying four different types of stakeholders in e-government projects and their respective management
approach was proposed. It has also provided a more holistic perspective on stakeholders and its management in e-government projects as conventional e-government literate has primarily focused on the citizen (Elgarah and Courtney 2002; Haque 2001; Ledingham 2001). Theoretically, it has contributed towards the management of e-government projects, especially on stakeholder relationships management in e-government projects. Practically, it has provided a guide for identifying and relating with various stakeholders in e-government projects. Future research can leverage on this interpretive study to develop a normative approach for e-government project management that incorporates the issue of stakeholder relationships management.

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