

Stakeholders, Contradictions and Salience: An Empirical Study of a Norwegian G2G effort

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Abstract

Previous studies indicate that the expected effects of e-Government are slower to realize than initially expected. Several authors argue that e-Government involves particularly complex settings, consisting of a variety of stakeholders promoting different and often conflicting objectives. Yet, few studies have explicitly addressed the inherent challenges of this complexity. This study focuses on the extent to which contradictory stakeholder objectives can help explain the relatively slow progress of G2G initiatives, and reports evidence from a G2G effort in Norway. A cluster of 5 local governments decided to explore the potential of ICT collaboration as leverage for their e-Government efforts. A neighboring cluster of 6 additional local governments were invited to join the project. During the course of the project, a number of challenges arose and the project objectives were only partially realized. The case is analyzed using stakeholder theory (ST) combined with dialectical analysis. This analysis model proved promising as a means of enhancing our understanding of conflicts in complex environments and even more important, why some stakeholders manage to achieve their objectives at the expense of other groups.

1. Introduction

For several years, governments throughout the world have been seeking to provide electronic access to government services. Key reasons for this public sector reform have been to increase the efficiency of government operations, strengthen democracy, enhance transparency, and provide better and more versatile services to citizens and businesses [6, 13, 32]. At the same time, a growing number of studies

indicate that many of these hopes have not been realized, at least not to the extent expected [14, 27].

Several issues may help explain the relatively slow implementation of e-Government. The lack of national and international interoperability standards [23], accessibility standards [25], security standards [15] and standards for online digital services [18] may have reduced the pace of e-Government initiatives. Others point to difficulties related to developing systems requirements that will be valid for the majority of citizens [20, 33]. Thus, service recipient complexity constitutes an important issue for e-Government development. There is also an important internal perspective to e-Government, namely the horizontal and vertical integration of government entities [17, 19], along with a focus on re-organization and re-design of work and business processes [5]. The public administration literature characterizes the public sector as being particularly complex, involving a variety of stakeholders with different and often conflicting objectives [3, 4, 16]. Reforming such complex structures thus involves considerable challenges related to revealing and addressing the various stakeholders in an appropriate manner.

This paper raises the question: Can contradictory stakeholder objectives help explain the relatively slow development of e-Government in Norway? To answer this question, a horizontal integration project in southern Norway was investigated. Initially, 5 municipalities established a project to investigate the potential for municipal cooperation concerning information and communication technology (ICT) infrastructure and service provision. During the course of the project 6 neighboring municipalities were invited to join the project. This paper analyzes the case using stakeholder theory (ST) and dialectics as interpretive lenses.

To our knowledge, stakeholder analysis has not previously been combined with a dialectic analysis

and our analysis uncovered 3 significant contradictions between involved stakeholders. This case study demonstrates how a combination of stakeholder analysis and dialectical analysis results in a more pertinent identification and grouping of stakeholders. The approach proved useful in understanding why some stakeholder groups were able to achieve their objectives at the expense of other groups by analyzing the contradictions using the salience concept from ST.

2. Theoretical background

2.1. Stakeholder theory

Although the stakeholder concept can be traced back to the 1930ies, ST development was heavily boosted by Freeman’s work in 1984 [9]. The purpose of his work, according to Freeman, was to outline an alternate way of strategic management as a response to increased competitiveness, to globalization and to the increased complexity of business operations [9]. This is done by acknowledging that organizations have stakeholders and that relations to these stakeholders need to be actively managed to ensure profitability and sustainability.

ST can be seen as a composition of three interrelated and mutually supportive elements: normative assumptions, descriptive and instrumental elements [7]. In brief, the normative assumptions state that every organization has a variety of stakeholders and that the organizations have moral and ethical duties to know and respect the interests of their stakeholders. A recent review of the normative strand of ST suggest three categories of stakeholder involvement; moderate (e.g. treating stakeholders with respect), intermediate (incorporating some stakeholder interests in the governance of the corporations) and demanding (participation for all stakeholders in corporate decision processes) [12].

The descriptive elements of ST are concerned with how to represent and describe organisations and organizational behaviour. Key aspects of descriptive ST involve defining stakeholders as well as tools to identify stakeholders (e.g. stakeholder analysis), and concepts that represent stakeholder salience towards managers. Salience refers to the question of why some stakeholder claims are attended to while others are not. According to Mitchell et.al. [24], salience is composed of the attributes power, legitimacy and urgency. Stakeholders possessing all three attributes are more salient towards managers than stakeholders that only possess one or two of the attributes (See Figure 1 for an overview of ST typology). Both

stakeholders and salience represent dynamic phenomena, and both should be analyzed regularly. Another aspect of descriptive ST is a number of visual models or stakeholder maps. Such maps can be presented in various ways: networked or firm centric, general or context specific. The models are generally used to enhance perception of complex operational environments and to depict the forces that influence organizations.

The classical way of modelling stakeholders is by presenting a focal organization or project at the centre of a nexus of stakeholders (See e.g. [2, 7]). This emphasizes the relationships between the focal organization and its’ stakeholders. Relationships between various stakeholders have received less attention.

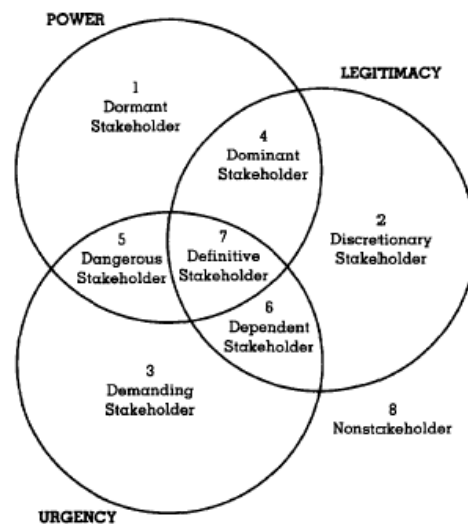


Figure 1: Stakeholder Typology: One, two or three attributes present [24].

ST has spread to different disciplines like information systems [26, 31] and health care management [2]. Although not a leading theory in either of the two examples, ST offers ways to combine ethical issues with complex operational environments, and to combine detail with overview.

2.2. Fit between ST and e-Government

Although Heeks [11] warns of the dangers of applying theories and methods developed to fit private industry directly to other contexts, the e-Government field currently needs to expand the base of suitable theories in order to explain and understand the current situation [10]. This expansion can be achieved in two ways. Either the field can develop theories from the growing base of e-Government case descriptions, or

acknowledged theories from other disciplines can be adapted and adjusted to fit the characteristics of e-Government.

ST was suggested as a useful theory for the e-Government domain already in 2001 [28]. Flak and Rose [8] extended the theoretical discussion of compatibility between ST and e-Government. They found, in line with Scholl [28], that apart from the original profit focus, there is no serious conceptual mismatch between ST and government's objective of providing policy and services for citizens and organizations – society's stakeholders. These issues are discussed more in-depth by Flak and Rose [8]. Their paper concludes that an adapted version of ST can provide a promising theoretical contribution to the e-Government field in terms of adding descriptive theory to a theory-less field and to assist the development of prescriptive guidelines to an applied field. Scholl [29] reports in a recent study the usefulness of applying elements of ST for investigating IT-driven change projects in public sector.

2.3. Dialectical analysis of organizational change

As the public sector is characterized as involving a variety of stakeholders with different and often conflicting objectives [3, 4, 16], we adopt a dialectical process theory perspective on the mechanisms that generate change within e-Government development. This is based on the descriptive elements of ST, related to alignment of interests and salience. Dialectics is one of the four types of “motors” or mechanisms that could drive organizational change and development [30]. The dialectic perspective emphasizes “a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control” [30, p. 517].

The key element in the dialectical analysis of development is explicit thinking in terms of contradictions [21]. A contradiction takes place between two opposite aspects, thesis and antithesis (Figure 2). One aspect, the thesis in a contradiction, cannot be fully understood without considering the other aspect, the antithesis. Changing a thesis implies a change in the antithesis. Contradictions are thus intrinsically related, yet opposite and distinct from one another. Developmental processes and their inherent contradictions are changing over time, denoting the importance of inquiry into the evolution or change process of a specific contradiction [21]. As pointed out by Van de Ven and Poole [30], the opposing entities forming a contradiction may be internal to the organization, such as conflicting goals

or interest groups. An example of two stakeholder groups with contradictory goals could be a production unit's product focus versus management's process focus. Contradictions may also involve external entities as the organization may pursue directions that collide with the directions of other organizations. Contradictions between organizational entities typically surface in negotiations, and may escalate into conflicts. Contradictions both between and within organizational entities are interesting from a stakeholder perspective.

In dialectical process theory, stability and change are explained by reference to the balance of power between opposing entities. Change occurs when these opposing values, forces or events gain sufficient power to confront and engage the status quo. A thesis may be challenged by an antithesis, and the resolution of the contradiction becomes a synthesis [30]. Such a synthesis can be a novel construction, being informed by, and still departing from both the thesis and the antithesis. This synthesis, in turn, becomes a new thesis as the dialectical process continues. However, a contradiction does not necessarily result in a new synthesis with a novel idea [30]. An observed contradiction may continue in the organization(s), maintaining the pluralist or conflicting status quo (which now becomes an observed part of organizational reality per se, until an “antithesis” of need for consensus will challenge it), or it may result in survival of the thesis or antithesis alone (Figure 2).

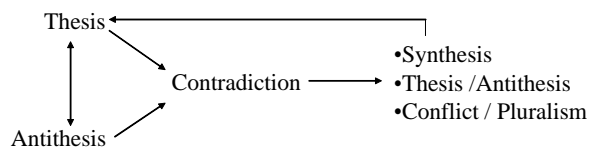


Figure 2. Dialectical Process Lens to Development and Change. Adapted from Van de Ven and Poole [30].

3. Research methodology for the empirical study

The combination of ST and dialectics used in this study did not result from a top-down research design. Rather this combination of theoretical viewpoints emerged as a useful approach during the analysis of and reflection upon the case data. This is in line with qualitative data analysis as an iterative process [22] and fits with our interpretive stance.

Data collection was theory-driven, based on e-Government literature and ST. The principal data collection method was in-depth, semi-structured

interviews with key stakeholders as well as field observations and document studies. The researchers carried out 20 interviews with individuals representing different stakeholder interests. The informant selection strategy was variation, to get as many perspectives as possible. Interviews typically lasted approximately one hour. The interviews were recorded and transcribed. A number of observations were made during the course of the project. The researchers had status as observers in project group meetings and workshops. All project documentation was made available to the researchers, and investigated. A number of policy documents, chiefly from relevant central government agencies were investigated as these were thought to have potential impact on the project. Data collection took place over a 6 month period, and included several discussions with the project manager.

Several iterations of data analysis were based on the theoretical basis for the study, a substantial body of e-Government literature and ST. One result of this data analysis was a number of issues or problem areas that emerged. These issues appeared to be obstacles to the development of e-Government. Then the theoretical basis was augmented by adding dialectics to the analysis, mainly as a sensitizing device. A new iteration of data analysis then focused explicitly on contradictions, and dialectics proved useful. Adding dialectics to the theoretical basis helped to clarify the issues identified in the previous data analysis. The research methodology was therefore characterized by iterations between theory and data, following a hermeneutical circle until the parts of data were consistent with the theoretical whole.

4. Case description

4.1. Background: Local government in Norway

At present Norway is divided into 434 local government units, called municipalities, organized within 19 counties. The municipalities differ in population from less than one thousand to several hundred thousand. Similar to the counties, the municipalities are governed by a body of elected politicians (the council) and an administration of bureaucrats. The mayor is the top representative and chairs the meetings of the council. The main tasks of the council are to allocate funds to municipal initiatives, to approve budgets, plans, loans, and the buying and selling of property. The bureaucratic administration is headed by the Chief Administration Officer, and the administration consists of a number

of municipal offices e.g. Health care, School, Social Security and Technical. These offices have responsibility for the day-to-day running of the municipality.

The municipalities are funded by local taxes and state funding. However, the state funding is decreasing, forcing more efficient operations of the municipalities. Municipal cooperation is rapidly gaining popularity throughout Norway as a means increasing efficiency while maintaining local presence.

4.2. The Co-Op project

In June 2003, a regional council representing 5 local governments in southern Norway decided to initiate a project to elucidate the foundation for, and specific contents of, collaboration on ICT and ICT operations in the region. The objective of the project was to establish a common plan for ICT collaboration to implement concrete and prioritized inter-municipal actions.

The project received financial support from the County Governor and the county municipality. In addition, the participating municipalities invested a considerable amount of man hours in the project. An external project manager was hired to ensure professional project conduct and a fresh perspective on the potential of the region. A project group consisting of the IT managers in each of the 5 participating municipalities was established at the outset of the project. The Co-Op 1 Council, consisting of the Chief Administration Officers from each municipality, functioned as steering committee for the project.

Early in the project, the attention of the project group was directed at Co-Op 2, a neighboring cluster of 6 additional municipalities. Co-Op 2, consisting of mainly small inland municipalities, was established several years earlier to ensure broadband development in rural areas where commercial interests were limited. By June 2003, Co-Op 2 had successfully implemented broadband access for its members and had various cooperation projects going, mainly on IT infrastructure. The Co-Op 1 Council perceived Co-Op 2 as a valuable partner. Co-Op 1 wanted access to the common infrastructure established by Co-Op 2 and felt that they could boost Co-Op 2 with fresh funding and clear visions for the future. Hence Co-Op 2 was invited to join the Co-Op 1 project. The invitation of Co-Op 2 was also motivated by additional project funding by the County Governor.

The project commenced as a series of meetings and workshops, some involving merely the project group, others were involving external stakeholders

such as mayors and Chief Administration Officers. In addition, a feasibility study of the potential for cooperation among a variety of stakeholders in the Co-Op 1 municipalities was carried out during September 2004. The feasibility study revealed that the climate for cooperation was generally good among the service producing units in the Co-Op 1 region (the primary target for the study). Several formal or informal cooperations were already in place and there was a general consensus that there was a need to improve and maintain such cooperations through the use of ICT.

In October 2004, the project manager handed over a project report to the Co-Op 1 Council. The report recommends that the Co-Op 1 cooperation be expanded to include Co-Op 2 and continue as a regional effort. It also recommends the development of a common ICT infrastructure that enables more sophisticated common services. A number of potential projects are outlined to accomplish this. However, the project manager was unable to gain consensus for the development of a common ICT strategy for the entire region.

5. Analysis and discussion

As the project commenced, a number of obstacles appeared. This analysis outlines the major challenges faced by the project manager and the project team. First, a general stakeholder map of key project stakeholders is presented to provide an overview of the stakeholders involved (Figure 3).

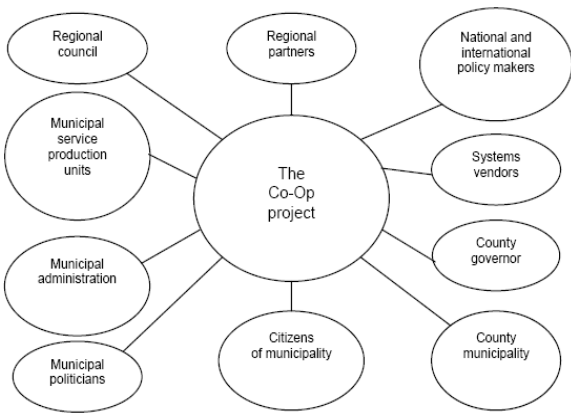


Figure 3. Initial stakeholder map

Then a dialectical analysis was performed to reveal contradictory interests between different stakeholder groups and how these contradictions affected the project. The results from this analysis are summarized in Table 1.

Dialectics	Contradiction 1: Purpose of ICT	Contradiction 2: Strategic versus operational approach to ICT	Contradiction 3: High level scope of ICT for e-Government
Stakeholders involved	Municipal administration (Thesis) Municipal service providers (Antithesis)	Regional council (Thesis) Regional partners (Antithesis)	The Ministry of Local Government and Regional Development (Thesis) The Ministry of Modernisation (Antithesis)
Thesis	Efficiency	Top-down approach	Efficiency
Antithesis	Quality of service	Bottom-up, ad hoc cooperation	Excellence in e-Government
Synthesis	No	Cooperation continues on a bottom-up ad-hoc basis	Temporary focus on Efficiency

Table 1. Dialectics among and within stakeholder groups.

The dialectical analysis caused a revision of the initial stakeholder map (See Figure 3) by exploding the category for *National and international policy makers* into two new categories: “The Ministry of Local Government and Regional Development” and “The Ministry of Modernization”. Figure 4 shows the revised stakeholder map with the identified contradictions.

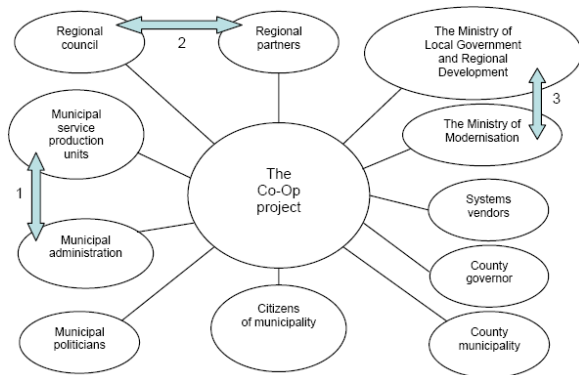


Figure 4. Stakeholder map with contradictions 1-3

Although the dialectical analysis provides interesting results in itself, an additional analysis was performed to investigate potential causes of how thesis and antithesis evolved into a synthesis (or why that did not occur). ST suggests that stakeholder salience is comprised of the combination of the attributes power, legitimacy and urgency (Figure 1). Hence, we analyzed the combination of these

attributes for the different stakeholder groups involved in each of the three dialectics.

5.1. Purpose of ICT in the Co-Op project

Excerpt representing the thesis of contradiction 1 (Efficiency):

“We are facing ever decreasing budgets and need to increase our efficiency if we are to survive as an independent unit.”

(Deputy Chief Administration Officer, Municipality X).

Excerpt representing the antithesis of contradiction 1 (Quality of service):

“Information technology could definitely be applied in the health sector as a means for increasing our professional competencies and consequently the quality of our services. However, we have a tight financial situation and I think it is unlikely that there will be room for initiating such projects as the benefits will be hard to quantify.”

(Middle manager in health sector, Municipality Y)

Contradiction 1 is a “classical” contradiction between the municipal administration and the service production units. The municipal administration represents the thesis of efficient use of resources. With ever decreasing budgets, the administration is forced to maintain a strong focus on cost efficiency. As a consequence, projects that are likely to reduce costs are often preferred over projects that will provide better service towards citizens.

The service production units (e.g. Health care institutions) advocate the antithesis of high quality municipal services. Their principal objective is to produce high quality services to the local community.

This contradiction can be described as latent, with no signs of any conflicts. However, as specific projects are initiated this contradiction may surface and decision makers may be forced to balance efficiency concerns possibly at the expense quality of service towards end users. There has been no development in this contradiction during the study, and therefore no synthesis has emerged.

When analyzing the salience attributes it seems likely that the thesis (Efficiency) will prevail over the antithesis (Quality of service), at least temporarily. The municipal administration’s desire of increasing efficiency is motivated by a need for running the municipality within budget. There is a current need to reduce costs in order to be able to maintain the current service level. This satisfies the *urgency* attribute (c.f.

Fig 1). The administration also possesses *power* and *legitimacy* as the purpose of the stakeholder group is to run the municipality according to budget.

The municipal service producers are responsible for asserting that the public service provided by their unit holds sufficient quality. Hence, if they think quality of service is insufficient they have both *power* and *legitimate* cause to suggest improvements. However, there is little immediate pressure on them to improve service quality and the *urgency* attribute is thus absent at the moment.

This indicates that the municipal administration possesses all three salience attributes whereas the service producers only possess two out of three. This analysis thus suggests that the thesis will prevail, at least initially.

5.2. Strategic versus operational (tactical) approach to ICT

Excerpt representing the thesis of contradiction 2 (Top-down approach):

“A joint, say 5 year, IT strategy for the region would be a way of ensuring that everyone is pulling in the same direction and would increase the likelihood of sustainability and efficiency in a longer perspective.”

(Project manager, representing the Co-Op 1 Council).

Excerpt representing the antithesis of contradiction 2 (Bottom-up approach):

“Be aware that Co-Op 2 is very proud of its’ accomplishments. We have a history of initiating good projects as they appear, mainly from grass-root initiatives. This has been a successful approach for us and there will be massive resistance in Co-Op 2 for introducing bureaucratic/academic methods such as e.g. strategic plans.”

(IT manager in Co-Op 2 municipality).

Regional politics is at the heart of contradiction 2. The thesis is represented by the Chief Administration Officers constituting the regional council of Co-Op 1. The objective of the council is to deploy ICT strategically over time, through a regional ICT strategy. By developing and adhering to a strategic ICT plan, the region will develop gradually, and will be able to utilize a common ICT infrastructure for more sophisticated services like e.g. joint service delivery or specialization internally in the region.

The antithesis is represented by Co-Op 2. In their own view a driving force in the region, they already have an established common ICT infrastructure. Their antithesis is to continue the existing partnership,

accomplishing projects of a more ad hoc nature and in a bottom-up fashion. According to Co-Op 2, sustainable initiatives need to be initiated from the grass-root level of the organization.

This view rests on the assumption that the grass-root knows the practical challenges of running the organization and thus is best qualified to suggest improvements. Grass-root initiatives are presented to the Co-Op 2 steering committee and if acknowledged as good projects, initiated immediately without any bureaucratic interference. The contradiction has involved conflicts, and despite a decision to continue the cooperation, there is no indication of any synthesis.

The project was initiated, and is owned, by the Co-Op 1 constellation. Hence, this stakeholder group considers their desire for taking a top-down approach to the project as *legitimate*. On the other hand the stakeholder group representing the bottom-up approach considers this equally *legitimate* as they were invited as partners into the project and had already more experience in collaboration projects. Additionally, this group saw itself as a driving force in the region and considered this group to be the natural leader of projects in the region. As both groups were considered equal partners in the project, they also had equal *power* to determine the course of the project. However, Co-Op 2 has more members than Co-Op 1, and was thus in practice more powerful than Co-Op 1. Deciding on top-down or bottom-up approach for the project was equally *urgent* for both stakeholder groups, with consequences for the future development of the region. As a result the stakeholder groups representing thesis and antithesis both possessed all the salience attributes. However, Co-Op 2 was slightly more powerful because of more votes due to more members, causing the antithesis to prevail.

5.3. High level scope of ICT for e-Government

Excerpt representing the thesis of contradiction 3 (Efficiency):

“Today we have 434 local governments, and I believe most people agree that this is too many. The number must be reduced considerably so that we can be sure that our local governments are able to supply the competence and the services that citizens are entitled to, while at the same time ensuring better return on investments by running the local governments as efficient as possible.”

(Erna Solberg, Minister of Local Government and Regional Development).

Excerpt representing the antithesis of contradiction 3 (Excellence in e-Government):

“Norway shall become the world leader in online public services.”

(Morten E. Meyer, Norwegian Minister of Modernization).

Contradiction 3 is in nature similar to the first contradiction, but reflects contradictory signals from different national policymakers. The thesis represented by the Ministry of Local Government and Regional Development is a cost-efficient organization of regional and local government. The ministry is currently putting pressure on Norwegian local governments to become more cost efficient by reducing state funding. As a consequence, local governments are forced to become more efficient in their operations. This can be seen in sharp contrast to becoming one of the leading nations in e-Government which is the expressed objective from the Norwegian Ministry of Modernization. Although one aspect of e-Government relates to improving internal government efficiency, e-Government is far more than just that. It also involves developing a more citizen centric mode of governance with particular focus on transparency, improved democratic activity and improved and novel government service. There are considerable costs associated with this development and we therefore consider excellence in e-Government an antithesis of excellence in internal operations. The current focus on internal efficiency, which is also acknowledged by the Ministry of Modernization as a prerequisite for excellence in e-Government, indicates that the thesis currently dominates.

When analyzing the cause of the apparent dominance of the thesis, it is apparent that both ministries possess both the necessary *power* and *legitimacy* for promoting their objectives. However, as the Ministry of Modernization recognizes that an efficient organization is a prerequisite for providing efficient citizen centric public services, the efficiency perspective seem more *urgent*. Thus, the stakeholder group promoting the thesis (Efficiency) possesses all salience attributes whereas the stakeholder group representing the antithesis only possesses two of the three salience attributes. The thesis, represented by the Ministry of Local Governments and Regional Development is then to be considered a *definitive stakeholder* [24], explaining why the thesis apparently prevails at the moment.

6. Conclusion

This paper has investigated complexity related challenges in a G2G project in Norway. A collaboration project consisting of 11 local governments was studied using ST and dialectics as interpretive lenses. All project stakeholders were initially mapped. Following from the insights of project stakeholders and their interests, a dialectical analysis was performed in order to surface conflicts between different stakeholder groups. The dialectical analysis revealed three areas of contradictory stakeholder interests that directly affected the course of the project. First, there was a conflict concerning the purpose of the use of ICT in the region. Here, the municipal administration represented the thesis by a strong desire to increase internal efficiency. The antithesis of quality of municipal service was advocated by the municipal service providers. The conflict is latent and no synthesis has occurred.

The second conflict revolved around the use of ICT in the region. One regional constellation wanted a top-down approach to apply ICT as a strategic leverage for the region as a whole. Another constellation had good experiences with bottom-up approaches and wanted to continue collaboration through ad-hoc grass-root initiatives. Both stakeholder groups were equally salient and consequently no synthesis has occurred.

The third and last identified conflict was represented by the Norwegian government. The Ministry of Local Government and Regional Development advocated a thesis of more efficient organization of local and regional governments. On the other side, the Ministry of Modernization aims at putting Norway as the world leader in online public service. Our analysis indicates that the Ministry of Local Government and Regional Development appear more salient and thus their objective of a more efficient organization of local and regional governments seems to prevail for the time being.

Together, the three areas of conflicting interest reported in the case indicates a strong focus on efficiency, resulting in a current focus on short term benefits and bottom-up approaches to e-Government development. This is not surprising since the Norwegian central government until recently has been relying on a distributed development where issues as interoperability standards and PKI solutions has been left to market forces. The following uncertainty among local administrations can help explain why Norway, despite high rankings in e-Readiness assessments, still is surprisingly slow at implementing citizen-centric e-Government.

Several studies of e-Government [5, 8, 33] and government [3, 4] argue that the public sector context poses considerable complexity related challenges. Yet, few studies have explicitly investigated the nature of this complexity. This paper contributes insights into specific complexity related challenges facing local governments attempting to initiate cross-agency collaboration. The dialectical analysis emphasized contradictions between and within stakeholder groups as illustrated in Figure 4. This complemented the initial perspective's emphasis on relationships between the focal organization and its' stakeholders (Figure 3). Using dialectics as part of the data analysis, we found that contradictory stakeholder objectives can help explain the relatively slow development of e-Government in Norway. Thus, the paper demonstrates that combining ST with dialectics can be a powerful method for investigating and analyzing complexity in e-Government settings.

7. Implications

7.1. The importance of unambiguous national policies

Our case evidence indicates that policies from the Ministry of Modernization and the Ministry of Local Government and Regional Development are currently competing (or at best poorly communicated). The first has an objective of making Norway one of the leading nations in e-Government worldwide, whereas the latter decreases funding to local governments hoping to reduce the number of local governments. In theory these two objectives are not in conflict as e-Government includes both efficiency and effectiveness. However, the ever decreasing funding seems to put local governments in "survival mode", meaning that their chief motivation is centered on establishing a cost efficient organization that justifies future existence.

In summary, the somewhat ambiguous national policies of the Norwegian central government have seemingly served to pilot local governments to emphasize cost efficiency possibly at the expense of excellence in e-Government.

7.2. The importance of understanding the link between efficiency and excellence in e-Government.

A key tenet in ST concerns the relationship between satisfied stakeholders and organizational performance [See e.g. 1]. Proponents of ST argue that

satisfied stakeholders will have positive impact on organizational performance. However, little evidence has been provided to support the existence of this relationship.

The Co-Op case in southern Norway indicated a (temporary) conflict between short term efficiency goals and longer term excellence in e-Government. We argue that this conflict is counter-productive and unnecessary. Clearly, excellence in e-Government includes establishing an efficient organization capable of utilizing technology to enhance productivity in terms of service provision and back-office processes. In our opinion, efficiency is thus a necessary step along the way towards excellence in e-Government, but not an end in itself. However, decreasing funding from central authorities has inevitably led the service production units (i.e. the local governments) to put heavy emphasis on reducing costs, possibly at the expense of e-Government innovation.

We argue that there is a need for increasing the understanding of how excellence in e-Government can affect the organizational performance of public agencies. Excellence in e-Government holds the promise of reducing cycle times of citizen requests, increasing transparency and democratic participation and increasing the quality of public services. The realization of such objectives is likely to result in cost reductions. Thus, we suggest that a holistic understanding of the potential effects of excellence in e-Government can reduce the danger of sub-optimization and consequently lead to a more effective implementation of e-Government.

7.3. Implications for research

Numerous research articles present e-Government settings as particularly complex, with a variety of stakeholders promoting different and often competing objectives. Yet, studies specifically targeted at understanding stakeholder influence on the development of e-Government are sparse. This paper suggests that inability to understand contradictory stakeholder objectives can be important for explaining challenges of e-Government implementation. The paper also provides an example of how to analyze the impact of different stakeholders on e-Government efforts. The combination of stakeholder analysis and dialectical analysis proved useful, not only to understand the stakeholders involved, but also to highlight areas of conflict with potential influence on the course of implementation.

Our findings show that conflicts between stakeholders had an impact on the project we studied. This implies that the current practice of modeling a focal organization at the center of a nexus of

stakeholders is insufficient to explain stakeholder influences on projects or organizations. In supplement to this, and as Freeman suggested in 1984 [9], mapping of potential conflicts between stakeholders and not merely between a focal organization and its' stakeholders, can increase our understanding of influential forces. Hence, we argue that future research on stakeholder dynamics could benefit from extending the focus to include potential conflicting interests between stakeholders and not just focus on relationships between a focal point and its' stakeholders.

Our study indicates that the implementation of e-Government in Norway faces serious political and organizational challenges. Consequently, further research focusing on how to align national policies and various organizational objectives can be important.

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