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Stakeholder theory for the *E*-government context: Framing a value-oriented normative core

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ABSTRACT

Despite substantial investments in ICT in the public sector over the past decades, it has been hard to achieve consistent benefits. One reason for the difficulties is the gap between the expectations of key stakeholders (such as governments, businesses and citizens) and project outcomes. Though normative, descriptive and instrumental aspects of stakeholder theory have been influential in explaining stakeholder interests and relationships in the management field, e-Government researchers have rather neglected the normative core of the theory. We show how value theory can improve normative foundations in this area to provide a focused analysis of four e-Government projects. We use a multiple case study approach to study the values of salient stakeholders, demonstrating how the combination of value theory and stakeholder theory provides greater explanatory power than either of the theories in isolation. Our work shows how stakeholders' interests are bound to generic value positions and allow us to formulate implications for research and practice.

1. Introduction

E-Government projects often fail to address the legitimate but diverse interests of many stakeholders (Anthopoulos, Reddick, Giannakidou, & Mavridis, 2015; Pardo & Scholl, 2002). Stakeholders may be internal (including managers and civil servants), or external (for example citizens and businesses) (Sarkar & De, 2010) and their objectives are often poorly understood (Pawłowska, 2004). Conflicts of interest between stakeholders can arise (Snider, 2005), projects may lack buy-in from stakeholders, and stakeholders may lack influence on requirements (Sarkar & De, 2010). Thus, it is important to locate the management of these initiatives within a discourse between communities of interests with various demands (Davenport & Horton, 2004). Researchers and practitioners need to understand stakeholders' potentially contradictory normative values (Sarkar & De, 2010), to learn how to accommodate them and act on them appropriately (Kim & Kim, 2003). An obvious candidate theory for investigating these issues is Stakeholder Theory (ST) (Freeman, 1984). ST, originating in management theory, is understood to have three primary aspects (Donaldson & Preston, 1995):

- a normative core positing a moral imperative for managers to attend to the legitimate interests of a variety of stakeholders, rather than acting solely as the agents of company shareholders

- a descriptive aspect concerned with the identification of stakeholders and the understanding of their interests and relationships
- an instrumental element investigating the connection between stakeholder management and organizational outcomes

ST's three aspects can provide a useful breakdown of the analytic task for researchers investigating stakeholder effects in e-Government projects. They imply that we should understand:

- the values, goals and objectives of e-Government which are considered inherently worthwhile by stakeholders and underpin their legitimate interests - the normative aspect
- who the stakeholders in a given project are, what their interests are, and which stakeholders are salient (legitimate, powerful, urgent) – the descriptive element
- how the involvement of stakeholders with different interests affects the outcomes of the project – the instrumental aspect.

We argue that the e-Government field has primarily focused on the descriptive aspects of ST (e.g. Sæbø, Flak, & Sein, 2011), neglecting the normative core and, to some extent, the instrumental aspect (e.g. Balta, Greger, Wolf, & Krcmar, 2015). This is perhaps because a moral imperative for public sector institutions to act in the public interest (to represent multiple stakeholder groups), which is enshrined in the

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theory of public value (Moore, 1995), is taken for granted. However, the public interest is notoriously contentious and difficult to articulate. The normative core of the public sector - what it ought to do and how it ought to achieve it - cannot be taken for granted. It follows that it is an important, but complex task to identify normative perspectives within E-Government projects with a wide variety of stakeholder intentions, purposes and interests (Bannister, 2002; Bonina & Cordella, 2009; Castelnovo & Simonetta, 2007; Persson & Goldkuhl, 2010; Rose, Persson, & Heeager, 2015; Rose, Persson, Heeager, & Irani, 2015; Scott, Delone, & Golden, 2009). However, despite the substantial contextual difference between the private and public sectors, the question of what would represent the normative core of ST in the e-Government field has not been addressed. This theoretical gap risks leaving us with a superficial understanding of *what* is happening, without understanding *why* it happens.

Although discussions about the nature of the normative core for stakeholder theory in the eGovernment context is missing, many normative aspects of e-Government are expressed in recent discussions about public values (e.g. Bannister & Connolly, 2015; Klievink, Bharosa, & Tan, 2016 and Pang, Lee, & Delone, 2014). In the public administration literature, value theory was originally used to distinguish the normative core of public sector organizations from profit-seeking companies in the private sector. Value represents the 'worth, utility, or importance of an entity' - that which is normative and therefore 'considered a good (worthy of striving after) without further justification or rational argument' (Sikula, 1973). Value in the e-Government context is not purely economic, but can refer to the 'importance citizens attach to the outcome of government policies and their experience of public services' (Scott et al., 2009), or 'government's ability to deliver social and economic outcomes that correspond to citizens' expectations' (Bonina & Cordella, 2009). Bannister and Connolly (2015) argue that stakeholder values underpin all forms of e-Government transformation; however, the value discussion has been primarily normative, with some descriptive elements (see for example Rose, Persson, and Heeager (2015)).

The value theory chosen for this research, derived from Rose, Persson, Heeager, and Irani (2015), establishes broad categories of value positions commonly held by stakeholders in e-Government, rather than exhaustive lists of values, and has the advantage of explicitly associating those positions with technology frames. Value theory therefore complements stakeholder theory with an account of expected stakeholder interests in the e-Government field.

The e-Government field has sometimes been criticized for its lack of theoretical rigor and weak theoretical foundations (Bannister & Connolly, 2015). Our research objective is therefore to strengthen stakeholder theory in this area by developing its normative aspect - primarily by incorporating value theory in the analysis of e-Government cases. The value theory framing offers a promising avenue for this development. Our empirical base is a series of case studies that we have been involved in over the last ten years in Scandinavia. The research strategy is consequently multiple case studies (Benbasat, Goldstein, & Mead, 1987; Yin, 2009), using a theoretical replication logic (Eisenhardt & Graebner, 2007; Yin, 2009). We investigate the relationships between stakeholders, their various interests and their underlying normative value positions. In particular, we study the saliency of the principle stakeholders together with their underpinning values to offer a richer account of the cases.

The paper is structured in the following way. First, the use of stakeholder theory in the context of e-Government is outlined followed by an account of the value position model and the connections between the theory bases are explored. Then the research strategy is outlined and the cases are briefly summarised, leading to stakeholder value and saliency analyses - salient stakeholders and their value positions are identified. Finally, implications for theory and practice are derived.

2. Theoretical background

Stakeholder theory consists of three interrelated, mutually supportive elements: normative aspects, descriptive and instrumental elements. However, the normative aspects - the core of the theory - have not been explained in detail in the public-sector context. In this section, we present stakeholder theory and illustrate why we consider value position theory to be a promising candidate theory for adding richness to the normative core.

2.1. Stakeholder theory in e-government initiatives

Stakeholder theory (ST) (Freeman, 1984; Freeman & Phillips, 2002; Freeman, Wicks, & Parmar, 2004) theorises relationships between different social groups engaged in a common enterprise with a basis in social philosophy including values. Although developed as an alternative to shareholder logics for the corporate governance arena, it is not intrinsically bound to private sector profit-seeking rationales. ST has spread to different disciplines including information systems (Pouloudi & Whitley, 1997; Vidgen, 1997) and health care management (Blair & Whitehead, 1988). Here ST offers ways of combining normative issues with complex operational environments, and of combining detail with overview. Apart from the original profit focus, no serious conceptual mismatch has been identified between ST and government's objective of providing policy and services for citizens and organizations - society's stakeholders (Scholl, 2001) - and it may safely be used for public sector analysis. Sæbø et al. (2011) conclude that an adapted version of ST can provide a promising theoretical contribution to the e-Government field, and assist in the development of prescriptive guidelines. For example, Scholl (2004) reports the usefulness of applying elements of ST for investigating IT-driven change projects in the public sector.

ST is composed of three interrelated and mutually supportive elements. (Donaldson & Preston, 1995). The normative assumptions comprise ethically and philosophically based principles for how the managers of firms should, or ought to act. Every organization has a variety of stakeholders, and its managers have a moral duty to recognise and respect the interests of their stakeholders, rather than solely acting as the profit-maximising agents of owner shareholders. Governmental organizations therefore have a duty to know and respect the interests of their stakeholders (also beyond the political process (Denhardt & Denhardt, 2007)). A review of the normative strand of ST suggests three categories of stakeholder involvement (Hendry, 2001): moderate (treating stakeholders with respect), intermediate, (incorporating some stakeholder interests in governance), and demanding (participation for all stakeholders in decision processes).

The normative statements constitute the core of stakeholder theory and, according to Donaldson and Preston (1995), are the basis for the other two elements: instrumental aspects and descriptive elements. The normative core thus shapes instrumental aspects and descriptive elements. ST was originally developed for private sector corporations, where the normative core represented a new framing not previously typical for the management literature. This framing can be seen as less controversial in the public sector, where organizations are normally neither primarily profit-maximising, nor privately owned. However, the original normative core of stakeholder theory was never intended to incorporate the underlying values of public organizations. Since the normative values of public organizations are known to be substantially different from those of private companies, there is an obvious need to further develop stakeholder theory to fit public organizations.

The descriptive elements of ST are concerned with how to represent and describe organizations and organizational behaviour. Key aspects of descriptive ST involve definition of stakeholders as well as tools to identify these (e.g. stakeholder analysis), and concepts that represent stakeholder saliency towards managers. For instance, Sæbø et al. (2011) identify the stakeholders in an e-participation project as politicians, administrators and service providers (from the government side),

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