



Contents lists available at ScienceDirect

Journal of Business Research



Case: Digital Governance Office

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ARTICLE INFO

Article history:

Received 1 July 2015

Received in revised form 1 January 2016

Accepted 1 February 2016

Available online xxxx

Keywords:

High reliability organizations

Digital governance

Resilience

Sensitivity to operations

Public sector

ABSTRACT

The Digital Governance Office is a small unit within the Instituto Costarricense de Electricidad (Costa Rican Electricity Institute, in English) originally founded by the President of Costa Rica in 2006 to facilitate digital governance development in the country. Soon after, the organization's capacity grew to implement projects, integrate actors, bring together different initiatives and elaborate digital governance strategy, demonstrating skills that other governmental teams and organizations did not have. This case presents examples showing that this capacity resulted from the presence of two of the five characteristics essential to high reliability organizations, commitment to resilience and sensitivity to operations. The case describes how this Office evolved, problems in implementing projects across the public sector, crises and the decision on which the future of the organization rested.

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1. Introduction

In May 2014 the Executive President of the Instituto Costarricense de Electricidad (ICE) began dealing with a problem that Costa Rica's President had transferred to ICE several years ago. In the opinion of several senior authorities in the organization and a few experts who had spoken to the press, the country's largest provider of telecommunications and electricity had no place dealing with the issue.

The Digital Governance Office (DGO) at ICE, as it was known within the ICE structure, or the Digital Governance Technical Secretariat (DGTS), as it was known by the Executive branch and the public, was a small organization within ICE that had demonstrated its effectiveness in implementing digital governance projects; however, people questioned its location within ICE. With political, technical and business pressures placed on the Office, ICE's President had to decide what to do with the DGO. Should ICE maintain the Office within its organizational structure? Should they offer it some business opportunities? Could this small office with no more than 50 people, within an organization of 14,000 employees, really contribute something? Or, would it be better to return the problem to its owner – the Executive branch?

1.1. Instituto Costarricense de Electricidad

The responsibilities of ICE,¹ Costa Rica's largest public institution, included the operation of two different and essential businesses for the country. First, ICE generated 79% of the country's electricity, owned 100% of electrical transmission lines and provided coverage to 80% of the country. Second, it provided telecommunications coverage to 95% of the country and offered a range of services, including 3G² and 4G³ cellular phones, landlines, Internet connections with WiMAX,⁴ cable modem, ADSL,⁵ RDSI⁶ and fiber-optic communications. ICE employed 14,000 people and had annual sales of USD \$2.6 billion.

ICE had resulted from a long fight over several generations of Costa Ricans who wanted to solve the country's electricity shortages around 1940 using a national company and promote prudent natural resource use. In 1963 ICE received a mandate to establish, improve, extend and operate telephone communications, radiotelegraph and radiotelephone services throughout the country. They installed the first automatic

¹ Instituto Costarricense de Electricidad (ICE), or Costa Rican Electricity Institute, in English: <http://www.grupoice.com>.

² The abbreviation for the third generation of mobile telephone voice and data transmission.

³ The abbreviation for the fourth generation of mobile telephone voice and data transmission.

⁴ A data transmission standard that uses radio waves of 2.3 to 3.5 GHz with coverage of up to 50 km.

⁵ Asymmetric digital subscriber line includes analog digital data transmission using pairs of symmetrical copper wires used in conventional telephone lines.

⁶ The integrated digital service network facilitates digital connections from one area to the other providing a wide range of voice services and others.

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telephone operation centers just 3 years later, marking the start of the country's telecommunications development. With time, ICE evolved into a nationally-owned corporation, which included ICE (electricity and telecommunications) and its companies Radiográfica Costarricense S.A. (RACSA)⁷ and Compañía Nacional de Fuerza y Luz S.A. (CNFL),⁸ which had undergone modernization projects during the past decades. Because the ICE Corporation had implemented large scale and technically complex projects over the past years, many Costa Rican viewed ICE as the country's main technological supporter.

1.2. Digital governance and Digital Governance Technical Secretariat

Digital governance referred to the general use of information and communication technologies by a national government to make substantial improvements to governmental services, promoting transparency and accountability in public management, with the goal to improve the quality of life of its citizens. Even though people understood digital governance conceptually, they tended to lack clarity on how to meet digital governance goals given limitations, challenges and variables surrounding public management.

To deal with these challenges, organizational models of digital governance programs varied around the world, based on the political-administrative system, socio-economic situation and historic background of each country. The United Nations did not recommend any one or best organizational model for all countries, although general recommendations and best practices existed; instead, given the particularities of each country, governments must select and organize as appropriate.

For example, South Korea's⁹ office of digital governance operated as a governmental agency under a Ministry, but in Singapore¹⁰ the office had complete operational autonomy providing outsourcing services to other governmental institutions and whose public policy mandates came from a Commission made up of several Ministries and strategic sectors.

In Central America, Panama¹¹ presented a similar case, using the main telecommunications operator to implement large digital governance projects, such as Electronic Medical File, Paperless Panama and Citizen Security. However, the country also created an autonomous institution that depended on a national council led by the President of the Republic to manage policy and prioritize the digital governance agenda.

The Costa Rican case was more confusing. An Executive Decree under the Arias Administration created the Digital Governance Technical Secretariat in 2006, with Alicia Avendano as its Director.

People knew Alicia for her implementation skills and integrity; the operation of the electronic customs system, TICA, had validated those skills. The private sector¹² also backed her, and the country's main newspapers frequently published articles about the project's results in support of her. Her passion, performance and personal style (sometimes perceived as aggressive) led the Vice President of the Republic to offer her the position of Director.

A decree¹³ created the Inter-institutional Digital Governance Commission led by the Vice President of the Republic; the Commission defined the country's digital governance strategy and policy and also created the DGTS as the organization responsible for implementing the Commission's established mandates. The Decree also declared the digital governance program to be of public interest.

During the first 4 months, Alicia had political support but no economic resources; in fact she did not receive a salary. Initially, she operated within the Ministry of Planning reporting to the Vice President of the Republic, who also led that Ministry. Despite the support, they could not resolve the financing problem, and the DGTS received no operating budget.

This lack of budget led her to turn to several allies to gain support. One important business school provided a first strategic plan; others contributed with designing the DGTS's brand, and an important national commercial bank offered funds to begin operations. They also used those funds to develop what would become the initial projects identified in the strategic plan: eliminating lines to process and issue passports and driver licenses. In addition to financing the projects, the bank also facilitated physical space and a minimum budget to begin putting together a team. Alicia recruited several former coworkers under her prior leadership of almost 9 years when she led the Ministry of Treasury's General Information Technology Office.

Political movements made during the Arias Administration transferred coordination of the DGTS from one Vice President to the other, but it continued to operate as an organization facilitating digital governance strategy and project implementation. However, the DGTS continued to lack a budget; rather, it operated by integrating actors and receiving donations.

Despite these limitations the DGTS made good progress with its projects. For example, the passport renewal project reduced the waiting time from 1 day to just 15 min and also opened offices around the country to complete the process, which had previously only been available in the capital city. Limitations had led the DGTS officials to develop skills to manage pressure and continue implementing projects while focusing on details to guarantee quick wins.¹⁴

In 2009, then Vice President Chinchilla agreed with ICE authorities to move the DGTS to ICE, viewing the topic of digital governance as a natural component of ICE's technology business. They signed a new Executive Decree¹⁵ that put the leadership of implementing digital governance projects under ICE.

Within ICE, DGTS changed its name to respond to organizational policies, becoming the Digital Governance Office. The move to ICE finally brought the Office its own budget, the possibility to organize itself by projects, flexible hiring and competitive salaries. However, the DGO had to meet two conditions:

1. As its main project, it would develop a robust procurement platform based on the scale and efficiency required by ICE within its new competitive environment.¹⁶
2. It had to ensure project sustainability so that it could pay ICE back.

1.3. Digital Governance Office

An Executive President and a higher positioned Board of Directors led ICE's political organization structure; the Executive President chaired the Board. The managerial team operated beneath that political level, including the Electricity, Telecommunications and Corporate Administration and Finance Departments. The operational level fell below the managerial one and included offices and divisions belonging to those departments. The DGO operated within the Telecommunications Department. Finally, ICE's structure included its subsidiary companies, CNFL, RACSA and Cable Vision, which all depended on the Board of Directors and were linked to the corresponding managerial level. See Exhibit 1.

As part of the DGO's responsibility to implement an electronic procurement platform, ICE and the government signed an agreement to

¹⁴ A term that referred to relatively cheap and easy to implement initiatives as a way to ensure support for more complex ones.

¹⁵ Executive Decree No. 35139-MP-MIDEPLAN.

¹⁶ ICE made direct purchases of US \$3 billion a year, eight times the total purchases of the Executive branch.

⁷ RACSA: <http://www.racsa.co.cr/>.

⁸ CNFL: <http://www.cnfl.go.cr/>.

⁹ National Information Society Agency: http://eng.nia.or.kr/english/eng_nia.asp.

¹⁰ Infocommunications Development Authority: <http://www.ida.gov.sg/>.

¹¹ Autoridad de Innovación Gubernamental: <http://www.innovacion.gob.pa/>.

¹² For example, Costa Rica's Chamber of Exporters awarded her its annual Best Public Employee Award for her work in automating the country's customs system.

¹³ Executive Decree No. 33147-MP from May 8, 2006.

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