

THE COORDINATES AND TYPOLOGY OF RELATIONSHIP BETWEEN THE PUBLIC SYSTEM AND THE DIFFERENT CATEGORIES OF STAKEHOLDERS

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Abstract

The development of the new information and communication technologies, which favored the modern societies transformation into knowledge-based society, forced a reconsideration of the governance principles based on what Abraham Lincoln said “Governance of citizens by citizens and for citizens”. The knowledge society coordinates raises new challenges for the public system, offering, at the same time, the opportunity to do activities more efficient and to development those approach that brings the citizen closer to public systems. Basically, by reconsidering and by emerging in the public system of concepts such as ethics, social responsibility and sustainable development it has been created the coordinates of oriented citizens implementation framework. Governments around the world are making significant efforts towards e-governance assimilation and implementation. These efforts are not focused only on the digitization process itself, but also target a broader reorganization of the public services process and of the participation processes based on the new information technologies. The article presents, based on a detailed analysis of the literature, different models that capture and define the relationships developed by public institutions with various categories of stakeholders.

Keywords

orientation toward citizens; stakeholders; relational models; citizens relationship management; e-government

JEL Classification

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1. Introduction

Although stakeholder theory has strong roots in the private sector, there is a great interest for its application, at least partially, in public sector decision making process. Basically, despite the opposition of the stakeholder theory supporters, it has found its place in academic discussions and public sector practice (Tennert & Schroeder, 1999). Donaldson and Preston (1995) were between the first authors who have expressed the opposition to the presence of the concept in the public system, saying that “*we have doubts about its value and appropriateness in the public system, since it provides a framework that is specific to the private sector, where regulations, principles and implications are significantly different*”.

In fact, although most of the tasks related to public sector managers aim to achieve different objectives (public interest) than the private sector (survival/growth of

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business and profit), their decisions have the same capacity to affect many categories of stakeholders. Moreover, similar to the cases recorded in the private sector, the public sector managers and the government agencies that they represent may be affected by others, as a consequence of their own decisions. In other words, the stakeholder theory proposed by Freeman finds its applicability in decision system that is found in a government context.

2. The emergence of stakeholder theory in the public system in the context of the development of e-government platforms

As stated by Lathan, since the '50s the structure of society is one of the associative type, interest groups being the based to its foundation. Obviously, this remark is especially viable in the context of modern society in which there are very few activities, economic, political or cultural, which are not associated with at least one or two categories of stakeholders.

In the same direction, Baumgartner and Leech (1998), taking as a starting point the stakeholder theory from organizational practice, said that *“the public system stakeholder are a part of a context that highlights the behavior of government, while the government agencies are part of the same context which shows, on the other hand, the behavior of different categories of stakeholders”*.

Corporate governance is a highly debated topic in academic area, where there are many disputes between different groups of researchers, as follows:

- Demb and Neubauer (1992), Sundaramurthy (2000) and Westphal (1999) argued the usefulness and the need to integrate stakeholder theory in various public entities and relate it to the opportunities generated for society as a whole. To achieve this goal, however, the mentioned authors do not have a common vision in terms of optimal configuration framework to facilitate this process.
- there are researchers in the field of strategic management, as Eisenhardt (1989) and Hawley and Williams (1996), which despite their adherence to the integration of stakeholder theory in the public system, believe that: *“because within certain categories of stakeholders it is manifested an opportunism behavior, generated by the desire for self-serving, operationalization of the public system theory must be made while establishing some mechanisms to promote procedural control”*.
- according to researchers from social sciences field (Turnbull, 1997; Davis et al, 1997; Donaldson & Davis, 1994), as strong supporters of the integration of theory in the public system, the various categories of stakeholders should *“be cherished as real partners in Governance”*. Moreover, according to sociologists, given *“the intrinsic desire for self-actualization”* of different categories of stakeholders, they should be *“empowered to exercise independent judgment”*.

Currently, the transition to the electronic corporate governance as a result of assimilation and implementation of new information and communication technologies in the public system generates many disputes in academia field. Even though most researchers recognize the importance of stakeholder theory in the public system, in the context of e-government platforms substantial changes occur from the perspective of *“decision models, mechanisms for sharing the power and resources coordination”* (Allen et al, 2001).

In this context, e-Government is seen as *“the embodiment of the challenges faced by corporate governance in the process of obtaining an optimal policy mix based on control and collaboration to maximize the value of different categories of stakeholders”* (Pralhad and Ramaswamy, 2000).

Other theories which claim the necessity and usefulness of considering stakeholders in electronic governance are:

- Scholl (2001) has demonstrated, based on a comprehensive literature review, that the integration of stakeholder theory in the context of e-government platforms, although involves limits, generates “undeniable benefits to modern society”;
- Pardo and Scholl (2002) notes that despite the benefits of integrating theory stakeholders in the e-government platforms, there are limits due to shortages in terms of conceptualization from the perspective of “the relationship between new information technologies and communication and stakeholders theory”;
- being against the position taken by Pardo and Scholl, Chan et al. (2003) argue that although initiatives to develop e-government platforms are often characterized by a “technical centric approach with minimal impact in terms of public involvement” the interest in developing this relationship is highlighted by the efforts towards implementation of sophisticated systems and the growing number of online services;
- in the same direction can be mentioned Flak and Rose theory (2005) who argue that although the use of stakeholders in the context of e-government platforms may favor a phenomenon of increased critical positions and attitudes, this process of integration has the advantage of “a deeper understanding of the relationship between government and citizens”;
- Carter and Bélanger (2005) and Sæbø et al. (2011) consider that, in order to reveal the real usefulness of stakeholder theory in e-government platforms, the starting point must be a coherent process for identifying different categories of potential users of online services. This idea is supported also by Gelder et al (2008) and Kamal (2011) who states that, unlike the private sector, where theory highlights two major categories of stakeholders - primary and secondary - in public system practice there is a wider variety of concerned parts.

3. Stakeholders typology in the public system

In the current analysis context, particular importance should be given to identifying different categories of stakeholders in the context of e-government platforms development. The starting point in this analysis will be the theory proposed by Mitchell et al (1997) which had used three attributes for identifying the different categories of stakeholders in the public system: power, legitimacy and urgency. According to these attributes, the different categories of stakeholders can be classified by:

(1) *the power of influence exerted by stakeholders on the public entity* (an idea taken from the theory proposed by Salancik and Pfeffer (1997) under which power is defined as “the ability of those who possess the power to achieve the desired results”;

(2) *the legitimacy of different categories of stakeholders in relation to the public entity* (an idea taken from the theory offered by Suchman (1995) whereby legitimacy is “a generalized perception or assumption according to which the actions of an entity are desirable and appropriate only in the context of building social systems of norms and beliefs”;

(3) *the urgency of the requirements demanded by different categories of stakeholders*, defined as “the degree to which stakeholders require immediate attention”. According to the authors of this theory, temporal sensitivity of stakeholders and the possible delays critics are two of the most important dimensions of this component.

In fact, according to this theory, it is promoted the idea that not all categories of stakeholders have the same impact on public entities.

Later, having as starting point the theory proposed by Mitchell et al, Scholl (2004) mentions that another element delimiting the different categories of stakeholders is

accounted by “*their role in relation to the public entity*”. In fact the author proposes a segmentation of stakeholders from the reality that, both citizens and organizations may have different roles, either simultaneously or successively. For example, the individual may be simultaneously or successively citizen, online service user or employee of the public entity. In like manner, a private company can be a simple stakeholder with secondary role, or be a primary stakeholder, as a provider of e - government platforms. Furthermore, the author notes that, particularly in the public system, the position of a stakeholder may change over time. There are times when short-term expectations of different categories of stakeholders in relation to the public entity differ from the ones in long-term.

Another perspective in stakeholders’ typology in the public field is found in marketing area. Based on the relationship paradigm from marketing area, Payne, Ballantyne and Christopher (2005) proposed a model that encourages, in the organizations field, a holistic perspective of the role played by different categories of stakeholders. The model, build by considering six markets - consumer market, supply market, labor market, influence market, referral and domestic market (within the organization) - suggests, in fact, expanding marketing and communication actions in relation to different categories of stakeholders associated with these markets.

It seems that this model has been taken up in the public system and it proved being useful in terms of identifying a general typology of stakeholders. Basically, depending on the role of different categories of stakeholders in relation to the public entity, the model has three dimensions: *internal market* (employees and primary stakeholders), *public services market* (online service users) and *influence markets* (politicians, community networks).

4. Relational models in e-governance practice

Taking as its starting point the approach of integrating stakeholders theory in the public system, the literature and organizational practice provides a wide range of relational models that can be implemented within e-Government platforms.

Depending on occurrence time, these models can be classified into two broad categories:

- simple models that consider classical relational triangle - *the government, businesses and citizens*;
- complex models related to the latest developments in the information society, which extend the relational field by considering a broader range of stakeholder.

Modelele simple, cu caracter general, au ca premisă fundamentele platformelor de e-governare, și anume crearea unui teren propice informării și colaborării cu diferitele categorii de părți interesate. Conform teoriei propuse de Fang (2002), cele trei componente ale modelului sunt:

The simple models are built on fundamentals of e-government platforms, which mean to create a foundation for information and collaboration with various categories of stakeholders. According to the theory proposed by Fang (2002), the three components of the model are:

- e-government, covering the processes and structures that define both the external relations between central and local government entities and between national and international bodies, as well as domestic (public entities – employees, various government departments, representatives legislative - executive representatives etc.);
- e-business, which captures the Government developed partnerships with the business field. Here are captured both relations such as government - market and the government - private sector representatives;

- e-citizens who reveal government developed partnerships with citizens, both in their capacity as users of online services as well as representatives of civil society. Some of relational models that belong to the first category are presented below:
- the model proposed by Brown and Brudney (2001), built on a 5 coordinates: Government – Government, Government - Citizens, Government - Business, Government - Civil Society and Citizens - Citizens. This model was taken and improved by Yildiz in 2007 (Figure 1).

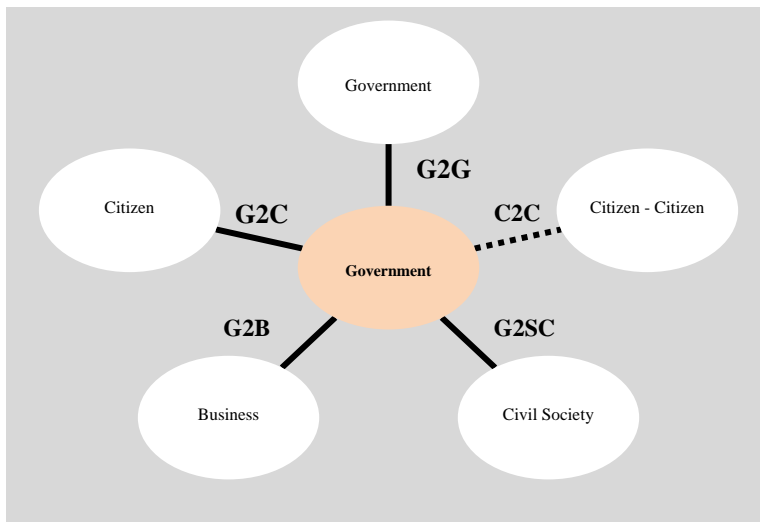


Figure 1. The relation model of e-government platforms proposed by Yildiz

Source: Yildiz, M., (2007) E-government research: Reviewing the literature, limitations, and ways forward, *Government Information Quarterly*, vol.24, pp. 649

According to this theory, the five relational dimensions cover various spheres of the public system and involves special salient features, such as: the **Government - Government relationship** is associated to e-administration dimension and has the following salient features: communication, coordination and standardization of information and services; the **Government - Citizen relationship** covers e-government dimension and has as principles the following: communication, transparency, maximization of efficiency and effectiveness indicators, the standardization of information and services; the **Government - Business relationship** has a wider coverage and can be associated with the e-government, the e-collaboration and e-business. Dominant features in this context are communication, collaboration and transactions; the **Government - Civil Society relationship** can be associated with e-governance dimension (which is different from e-government) and has as dominant characteristics the efforts to ensure proper communication, coordination and transparency; the **Citizens - Citizens relationship** is also associated to e-governance, but the interest cover communication, coordination and transparency.

- similar coordinates are proposed in the same period by Carcenac (2001) whose model is built on three relational dimensions: Government – Government, Government - Business, Government - Citizens. According to this theory, the **Government – Government dimension** covers the relationship between central and local government institutions, involving Internet applications, procurement platforms, databases and structured and shared knowledge; the **Government - Business**

dimension reveals the efforts to create an information architecture and online services; the **Government – Citizens dimension** covers all forms of direct communication and trade between the two components, namely: information on the actions of the central and local government, participation in public debates, pay taxes etc.

- A classic model is also the one provided in 2009 by the Keng Siau and Long Yuan. As can be seen in figure 2, the novelty brought by this model, compared to the above ones, is the integration or rather the consideration in an autonomous manner of the Government - Employees component. If the first two models consider this relationship as an implicit component of Government – Government, in the model proposed by Yuan Long and Keng Siau it becomes a self-contained component. Unlike the above models, the framework proposed by Keng Siau and Long Yuan highlights in a explicit manner the objectives of the Government, namely the construction activities involved in making a relationship with each of the 4 categories of stakeholders, such as: **Government - Citizens relationship**, aiming to provide basic public services fit to drive the growth of this category of stakeholder; **Government - Business relationship**, based on objectives aimed to improving services to the private sector (eliminating existing redundancy in data collection) and reduce the costs of specific services in the classic system; **Government - Government relationship**, aiming, like previous models, to improve the collaboration and cooperation between central and local public entity; **Government - Staff relationship** whose goal is to improve efficiency and effectiveness indicators in government administrations. To achieve this goal there are proposed both structural and methodological changes and improved working conditions (constant access to training, motivation levers etc.).
- a similar model as the one provided by Carcenac in 2001, is the relationship framework offered by Koh and Prybutok (2005). The only difference between the two is that the model offered by Koh and Prybutok operates a clear demarcation between the categories of internal and external stakeholders.

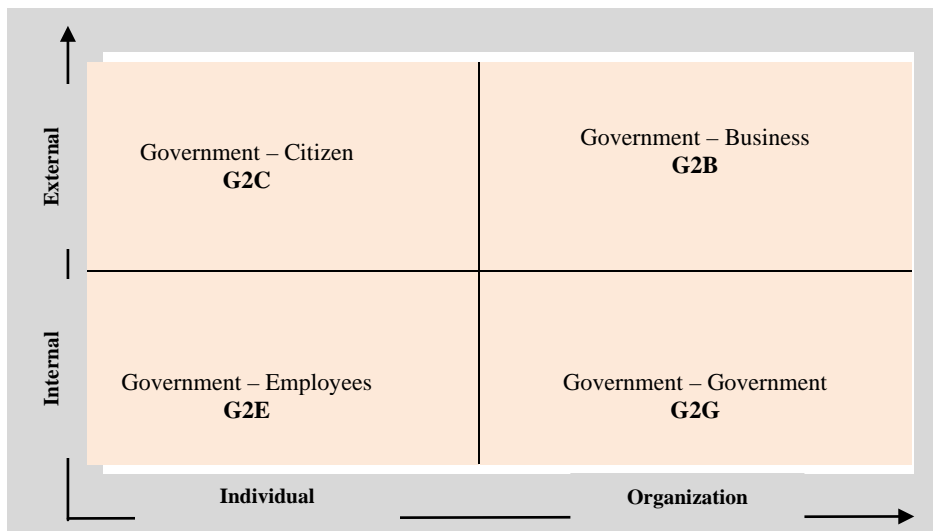


Figure 2. The relation model of e-government platforms proposed by Keng Siau și Yuan Long

Source: K. Siau, Y. Long (2009), Factors impacting e-government development, *The Journal of Computer Information Systems*, vol. 50, no. 1, p. 98.

More complex relational models that reveal the latest stage in the development of e-government platforms are offered by Fang Z. (2002), Bellanger and Hiller (2006), Rowley J. (2011), Chun-Luna-Reyes and Sndoval Almazan (2012).

The model proposed by Fang Z. (2002) cover, as shown in Figure 3, eight relational dimensions, namely: Government - Citizens, Citizen – Government, Government – Business, Business – Government, Government - Employees, Government – Government, Government – Nonprofit, Nonprofit - Government.

According to Fang theory, each of the 8 relational components offers real opportunities for interaction, such as: G2C - information, communication and transactional support designed to meet civil society needs; C2G - obtain feed-back support from civil society; G2G - information, communication, cooperation and transactions support that facilitates relationship between public entities; G2B - information, communication and transactional support (e-auctions , e- marketing) designed for business environment; B2G - obtain feed-back support from the private system; G2E - information and communications support for employees; G2N - informational and transactional communication support for non -profit organizations (political parties , social organizations, etc.); N2G - obtain feed-back support from the non – profit organizations.

Although each of the eight components provides the information, communication and trading support, they are different in terms of provided information, the dialogue nature and the transactions types.

Another model which is part of the complex frameworks is the one provided by Bellanger and Hiller (2006). Although the model complexity does not reach the above frameworks in terms of the considered components, the relationship proposed by Bellanger and Hiller is credited simultaneously or consecutively to highlight the state of the various different stakeholders categories. For example this relational framework highlights both individuals and organizations in their dual aspect - users of government services or simple representatives of civil society/business.

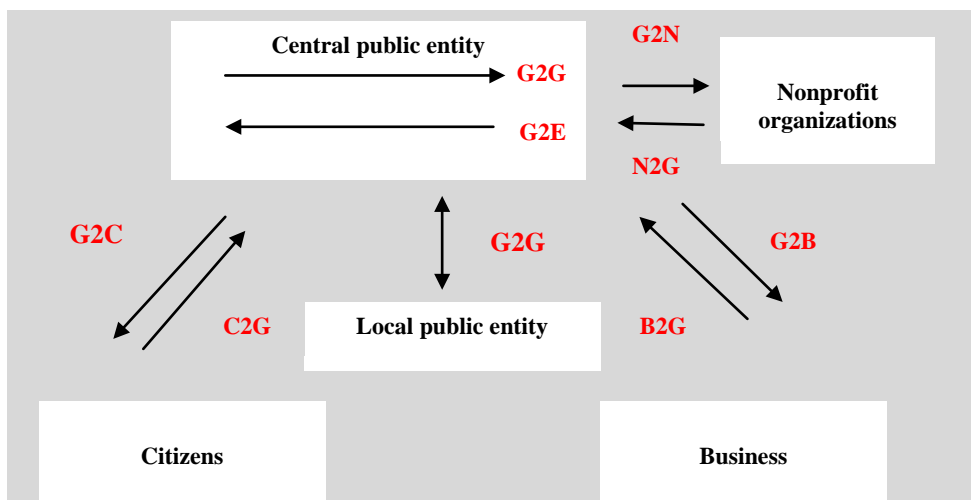


Figure 3. The relation model of e-government platforms proposed by Fang
 Source: Fang, Z.(2002), E-government in Digital Era: Concept, Practice and Development, *International Journal of the Computer, The Internet and Management*, vol.10, no.2, p.10.

As can be seen in Figure 4, the model proposed by the two authors is divided into six parts, as follows: G2IS (Government - Citizens, Users of online); G2IP (Government - Individuals, as part of the political process); G2BC (Government – Business, as users of online services); G2BMKT (Government – Business, as suppliers of goods and services); G2E (Government - Employees); G2G (Government - Government).

Taking as its starting point the various stakeholders categories that were identified in the public system, Jennifer Rowley (2011) proposes a similar model to that provided by Bellanger and Hiller. Her model is divided into 12 parts, as follows: G2IS (Government – Citizens users of online services); G2IP (Government – Individuals as part of the political process); G2BC (Government – Business as users of online services); G2BIMM (Government – Business as users of online services); G2BMKT (Government - Business as suppliers of goods and services); G2G (Government - Government); G2E (Government - Employees); G2EPM (Government - Employees, managers of e-government); G2EITR (Government – Employees, IT specialists); G2N (Government - Nonprofits); G2NP (Government - Nonprofit organizations, political parties); G2NREI (Government - Nonprofit, education and research) .

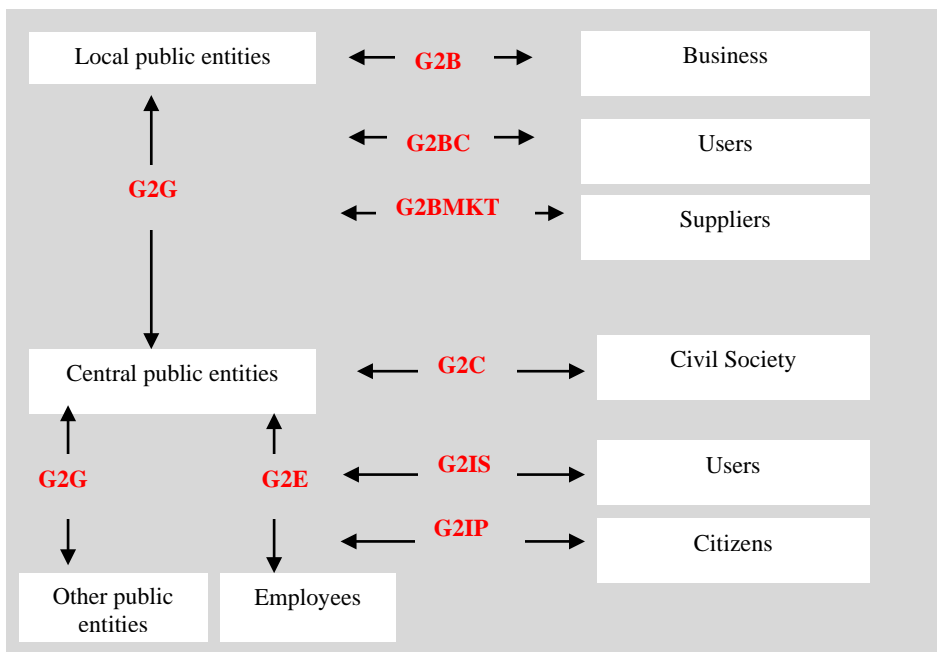


Figure 4. The relation model of e-government platforms proposed by Belanger și Hiller

Source: Belanger, F., Hiller (2006), A framework for e-government: Privacy implications, *Business Process Management Journal*, vol. 12, no. 1, pp. 48–60.

5. Conclusions

Beyond the many views on the construction patterns details of the relational e-government platforms, there are four classical elements that remain fundamental: Government – Government, Government - Citizens, Government - Business and Government - Community.

A summary of the responsibility spheres of each four relational coordinates is shown below.

The Governance - Governance relationship aims to: improve service quality and reduce the costs of their provision in the classic system; uniform internal processes; uniform requirements among the various levels of government; facilitating information exchange and team initiatives; changing the culture of civil servants; the transition from reactive to the proactive behavior; increasing administrative efficiency by reducing transaction costs; consideration, in all undertaken actions, of the relation cost - effective benefits; improving quality and reducing decision-making time; improving the government transparency etc.

The Government - Citizens relationship aims to: providing quick and easy access to information and public services for people; improving the quality of public services; providing services directly to citizens and to a lesser extent through agencies or other servants; ensuring a trust climate and understanding between the government and citizens; citizens' participation in decision-making and governance process; promoting stakeholder involvement and participation in local democracy and urban development.

The Government - Business relationship aims to: reduce the difficulties faced by businesses through facilitating access to information; standardization of the requirements regarding information needs; establishing effective ways to ensure interaction between government and business; development of a flexible and competitive urban economy on the regional, national and global level; training citizens in IT knowledge and increase flexibility to adapt to the competitive economy demands.

The Governance - Community relationship includes: the establishment of the framework for optimal urban strategy in order to achieve community goals; piloting urban governance (create conditions for urban partnerships); promoting good governance (transparency growth, building a climate of trust, promote the sense of accountability, prevent corruption, promote collaboration and cooperation); providing the necessary support for the initiation and implementation of public policies (by engaging citizens in policy and ensuring the process transparency, by urban planning and urban management) etc.

Whatever the nature of the provided services, it is clear that both individuals and society in general, and organizations, as business representatives, will be found in a symbiosis with public structures throughout life cycle of e-government platforms.

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