

Customer Orientation in E-government: The Managers' Perspectives

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Abstract

With the increasing focus on technology, the demand for the electronic provision of services is growing. Public sector organisations are beginning to consider whether they too should integrate technology into their operations, specifically with projects such as websites, intranets or systems for communication. This study aims to consider whether the implementation of e-government in a local public sector organisation has enabled this organisation to achieve their customer orientation in order to realise improved levels of performance.

This study provides a number of useful insights. Firstly all managers appear to understand the customer orientation of the organisation and thus the importance of a focus on the customer. There seems to be a difficulty however of implementing this customer orientation in practice. The lack of effective customer measures means managers tend to focus on internal measures. While managers perceive there to be a number of potential benefits, the majority of these tend to be related to efficiency and the achievement of outputs. For departments with low customer orientation there is not likely to be a strong link between outputs and outcomes therefore there is a potential danger that technology will divert their attention away from the customer. While e-government may result in achievement of output objectives this are not necessarily conducive to achieving the organisations overall mission.

In summary, the results of this study imply that despite the orientation-performance link, e-government can provide benefits. These however are more likely to be related to operational efficiency at low levels of customer orientation. In other cases, what gets measured is what gets done. For the real potential of e-government to be realised there must be a strong alignment of customer orientation and e-government. Managers must be clear as to what the overall mission is and how e-government can assist them in achieving this.

INTRODUCTION

Technology is becoming an important element of business in the twenty first century. Individuals have been quick to adopt new methods of communication both in their business and personal lives. There is therefore a much greater demand for information and services to be online². Public sector organisations are beginning to recognise that the Internet is becoming a major channel to reach the customer and that they too must venture online (Pfahler, 2002).

'Citizens expectations of government has been permanently altered in recent years by forces such as: aging populations, increased service expectations, security concerns, a talent crunch, competition by the private sector and fiscal pressure that forces governments to find ways to do more with less' (Greenspan, 2002³).

Considering how e-government supports the organisations overall mission is important. Managers must consider how this technology can enable improved performance against their objectives. Without such thought, there is a danger that managers may get carried away in the hype of new technology, at the expense of customers and potentially forget the core purpose of the organisation. Cullen (2000) questions whether e-government is aligned to the objectives of public sector organisations or whether it is simply *'technology for technologies sake'* (Cullen, 2000⁴).

Motivation

Whether to invest in e-government is an important decision for local government, given the large cost associated with maintaining the investment. This is of interest not only to managers of the organisation but equally to ratepayers who require justification for the investments. There is a question as to whether e-government is

² www.egovernment.govt.nz

³ http://cyberatlas.internet.com/big_picture/geographics/article/0,1323,5911_1015531,00.html.

⁴ Sourced from <http://www.scim.vuw.ac.nz/research/govtonline/Govton-line.htm>, accessed 4 June 2003

really a 'new and vital means of communication with the public or whether it's simply a public relations exercise' (Cullen, 2000⁵).

E-government must be viewed as a tool to assist organisations in achieving their strategy. Customer orientation is considered a central aspect to driving strategy. When viewed as a tool, the importance of aligning technology with the organisational strategy becomes apparent.

'The inability to realise value from IT (Information Technology) investments is in part due to the lack of alignment between the business and IT strategies of the organisations' Henderson and Venkatraman (1999, p472)

Research Question

Given the importance of enabling the strategic orientation of a city council, the research question that drives this study is:

1. how does e-government enable the customer orientation of a city council?

E-Government

In the fast changing world of e-commerce, public sector organisations must begin to take their stance in order to meet the increasing demand for online services. Freeman and Nelson (2003) argue that

'...the new information-based economy is challenging local governments to shift their strategies for competitiveness' (Freeman and Nelson,2003, pp. 22).

With all the external contacts public organisations share information with, the Internet would seem a useful tool. It seems however that many government departments are still a step behind in implementing digital solutions (Napoli, Ewing & Pitt, 2000).

Defining E-government and E-governance

E-government represents a government's online ventures. There is an element of inconsistency among the literature as to how this should be defined. Some writers

⁵ Sourced from <http://www.scim.vuw.ac.nz/research/govtonline/Govton-line.htm>, accessed 4 June 2003

view the terms e-government and e-governance as interchangeable (Mahoney, 2002) while others see e-government as a subset of the wider concept of e-governance (Bovaird, 2000; Melitski 2002). This paper considers e-governance as an extension of the concept of e-government.

'E-government is essentially restricted to the electronic enablement of services while e-governance refers to non-service specific activities of government and public agencies' (Bovaird, 2000, pp. 9).

Melitski (2002) views e-governance, as a continuum leading to organisational transformation, transparency of public service agencies, increased citizen participation in government and the facilitation of democratic process. At one end of the continuum is e-government while at the other, e-governance (Melitski, 2002).

Bovaid (2002) cites the World Bank definition, which states clearly that e-government, refers to '...the use by government of information technologies (such as Wide Area Networks, the Internet and mobile computing) that have the ability to transform relations with citizens, businesses and other arms of government' (Bovaird, 2002, p7). This definition implies that telephone transactions are part of e-government if they are electronically enabled, thus if the telephonist receiving the call can access information electronically.

While there are numerous cases where the terminology is ambiguous, this paper views e-governance as the enabling of citizens to participate in government and the democratic process. E-government is seen as subset of e-governance and refers to as the electronic enablement of services, including telephone and Internet transactions.

One of the expectations of bringing the Internet to the public sector was that it would make information on council decisions more accessible to citizens and would facilitate participation in the government process (Bell, 2003). From a local government perspective, e-government is seen as a new channel to communicate and meet customer's needs. It must be recognised however that if the public is to be convinced to use e-government, it must be relevant and accessible (Socitm and IdeA, 2002).

'Customer-centric governments achieve nearly fifty percent more success in providing easier customer access, increasing service volumes, getting better information on operations, reducing employee

complaints, reducing time spent on non-customer activities and improving their image' (Story, 2000 pp. 16).

In order to ensure clarity and consistency throughout this paper, the term e-services is interchangeable with e-government, defined previously as the electronic enablement of services (Bovaid, 2002, p9).

RESEARCH DESIGN

The main objective of this study is to assess how the use of e-government can be aligned to overall strategy in order to improve performance in a local government organisation. Qualitative research is an excellent way to gather rich data, which provides a understanding and depth to a study (Yin, 1984,). Parasuraman (1991) further points out that there is often a need for qualitative research to verify the accuracy of quantitative research properly. Qualitative research explores *'the complexity of the human soul'* (Parasuraman, 1991, pp. 254). A case study approach was therefore chosen.

Case Study Selection

The study is based on a local government organisation in New Zealand. The organisation is an innovative leader in the introduction of technology to local government. It provides both internal intranet systems as well as a public website. This research aims to investigate whether the use of e-government has enabled the market orientation of the organisation to improve performance in five departments as well as in the organisation as a whole.

Organisational Background

In 1996, the organisation had a major revamp in their approach to customer service and the beginnings of the intranet were developed. Part of this development was the creation of 'Knowledge Base' (K-base). K-Base is a decision tree type application which steps through many of the common queries customers ring the council with. This was initially formed to solve the common complaint that when dealing with the council, customers would be transferred to a number of different people before someone could actually answer their question. Furthermore, department staff were

becoming frustrated at the continual interruptions from customers phoning with straightforward enquiries.

In combination with the introduction of K-Base was the creation of a customer services agency (CSA). Customer phone calls now go directly to the CSA where call centre staff can answer a majority of queries. This eliminates many of the straightforward questions, freeing technical staff in the departments from a continuous stream of phone calls. From the customer's perspective there are also benefits as they speak to one person who can answer most of their queries.

In 1999 the council launched a public website. This also became the internal interface to the intranet. The website offers a number of services such as the ability to pay rates online, look at a personal profile showing rates balances or property information, or access to council minutes or related documents. Essentially it is simply another channel to customers, however it empowers customers to carry out transactions without the need for direct involvement with council staff. It is an evolving project meaning that the number of services offered is continually growing.

Primarily the website provides the early stages of a basic business-to-consumer (B2C) model. At this stage rates or fines can be paid through Internet banking but not by credit card. Credit card payments are a proposed next step for the website. It is thought that this service would be highly advantageous, providing customers with a greater convenience.

Data Collection and Analysis

At the perceptual level the questionnaire aimed to provide an understanding of the proposed constructs followed by structured interviews, which provided increased granularity. The questionnaire was distributed with a covering letter explaining the study to all managers in the five departments specified⁶. The questionnaire instrument draws on tools previously used in the literature⁷ and intended to capture manager's perceptions of customer orientation, performance and the business value of e-government.

⁶ Community Life, City Environment, City Marketing and Development, Knowledge Centre, CSA

⁷ Tallon, Kraemer and Gurbaxani (2000), Albert, Ramaseshan and Ewing (1997), Edwards (2001)

E-government

E-government in the organisation comprises of two parts: the website and the Customer Services Agency (CSA). The introduction of these two initiatives has caused huge changes in the way the organization operates. The majority of managers stated that they were very supportive of the CSA and generally believed that it was crucial. This was further supported by archival analysis, which revealed that 100% of the 44 internal departments surveyed were either 'satisfied' or 'extremely satisfied' with the services of the CSA in 2001 and 2002. Manager Four reflected the views of a number of managers when he stated that:

'We just couldn't be without the CSA now – we just don't even want to think about it'

Aligning E-government to Customer Orientation

The final section of the study focuses on determining the perceived value of e-government in assisting to achieve organisational objectives. Respondents mostly rated the organisations approach to e-government goals as having a dual focus⁸. The dual focus implies that management believe that e-government can support both operational effectiveness (effectiveness and efficiency) and strategic positioning⁹ (reach and structure) [Tallon et al, 2000].

This dual focus was further evident in interview evidence. Manager Five for example illustrated this dual focus when he stated that e-government improves reach by enabling '*some direct marketing... letting people know about special events*'. He further states that it also improves operational efficiency in that '*it has enabled us to redirect staff to other areas*'.

The questionnaire additionally indicated that respondents believed e-government was well aligned with the strategy of the departments. Interviews reflected a similar result through the following comments by managers Ten and Twelve respectively:

⁸ As defined by Porter and Miller (1985)

⁷ The public sector implications of focusing on strategic positioning are discussed in SECTION 2

'Local government is about government doing things for people and so if they can participate and we can make it easy for them to do so – great!'

'Its all about the people, it (e-government) is giving them the chance to actually engage in things'.

Business Value of E-government

Beyond simply assessing whether e-government was aligned with objectives, the questionnaire asked what activities managers perceived e-government to add value. Managers indicated that the value was mainly in the operations of the department specifically enhancing the operating flexibility and enhancing the utilisation of computer equipment. In addition e-government was perceived to assist in planning, especially in terms of communication and in also in overall relations with customers.

This perception of improving operations was consistent with the opinions that came out of interviews. The major benefit of the CSA was commonly considered to be that they take away the low-level calls that do not require technical opinions. This enables technical staff to concentrate on their core responsibilities and avoids interruption for trivial matters potentially improving operational effectiveness, as earlier discussed (Tallon et al, 2000). Additionally the website provides further improvements in efficiency as it is perceived to improve operations enabling self-service for the customer. This means that council staff does not need to get involved in transactions such as rate payments or providing basic information.

'It makes life much easier....up until about five or six years ago you would have to have done all of that manually and the timeframe to do that was huge'

Not only does it appear to provide huge time savings but the website has also provided a new channel to communicating with customers. The website enables timely information to be provided to residents living right across the city and provides flexibility to customers who can access this information when its suits them. One of the objectives of the council is to be an accessible organisation and therefore the ability to improve channels of communication through the website is directly in line with this objective. This further supports the idea that the organisation aims to improve reach, and thus the dual focus of both efficiency and strategic positioning is evident.

A further observation was that the existence of e-government appears to have become so seamless in some departments that they no longer actually realize the extent of the role it is playing. One manager stated that he would probably not be able to help much with this study as his department did not really have much to do with e-government. Through the interviews, however it was discovered that this particular department had the most seamless operation of the departments investigated in terms of integrating e-government. This implies that e-government has become so integrated into the operations that this particular manager no longer consciously realised just how much the operations of his department depended on the technology.

Limitations of E-government

While the aim is for the CSA to handle as many calls as possible without having to involve the department unless necessary they are restricted as to what they can answer by the amount of information available to them in K-Base. There is a feeling among some managers that more knowledge should be built into the system enabling CSA officers to cope with even more calls. The barrier to this however is that technical staff have to provide that knowledge and this is sometimes a concern as it can cause them to feel that by codifying their knowledge into a system their job is threatened. Manager Three illustrates the existence of concern when the CSA was initially set up.

'...there was resentment right through that the cream had been taken., that was the first barrier. The second was fear of loss of job, loss of knowledge, knowledge is power.'

The knowledge management debate is a concern in many organizations and the council is no exception. The fear of job loss did cause resentment towards the CSA to begin with. It seems that this resentment is fading among those managers interviewed, although there could still possibly be an element of this among staff. Three managers mentioned that there was still occasionally a gripe among staff that the CSA exceed their brief a little and that the appropriate calls are not always getting through. These managers did however indicate that they had no clear evidence of this occurring. One believed that it could be a result of employee resentment at the CSA taking away from their work, rather than a credible issue. A concern with this issue is that this resentment is likely to conflict with the market orientation of the

organisation. At low levels of market orientation the introduction of e-government could potentially have two effects.

The first is that e-government is costly. Manager Seven points out that *'I think all of these costs are incredibly expensive'*. If employees are not supporting the e-government initiatives then efficiency benefits are not likely to be realised. This could possibly result in reduced financial performance. The second possible effect of introducing e-government at low levels of customer orientation is that it provides complexity, taking managers away from their core objectives and thus potentially negatively influencing all aspects of performance.

A further point raised in a number of first interviews is that while the CSA took a great deal of pressure off department staff, sometimes managers felt that because they were not having to deal with complaints they did not know if there was a reoccurring problem and so consequently nothing would be done about it. While the CSA do provide information on the calls, this tends to concentrate more on the number of the calls and categorizes them generally rather than providing information on their specific nature.

At present there is still a large majority of public who do not have access to the Internet, and therefore there is still a need to ensure that there are other means of communication available. Keeping the human voice in the CSA, rather than reverting to IVR (interactive voice recognition) as many call centres have, is thought to be a key element of retaining the personal touch. A number of managers commented that they had had feedback from their customers confirming that there was huge value in retaining the human voice.

Managers further indicated that the careful management of email is needed to maintain a personal touch. While e-mail is a useful tool for quick and convenient communication, it should not be the only means of communication. A number of managers felt that there was a tendency to place too greater reliance on e-mail even though this is not always the best form of communication. There are some situations where face-to-face communication is necessary.

'E-mail causes untold grief because the scope for misunderstanding is immense'

Website

The website is central to the organizations e-government scheme. There were mixed views on the usefulness of the website though from department managers. The majority of managers felt it was an integral part of their operations and a highly useful means of communicating with the customer.

'It's a very quick way for people right throughout the city to get access to information'

'The website has always been a part of the campaign'

However, the website is not the only means of communication because many of the public did not have access to the Internet. A few managers stated that they felt it was simply a tool to communicate with the public, no different to any other tool. Manager Eight, who was classified as having low business value of e-government, commented:

'As far as I am concerned e-government is just like using the library, its another way of sourcing information'

The Future of E-government

How e-government can assist departments in the future is of major interest to managers. Currently the organisation typically is restricted to e-government, which is the electronic enablement of services. The degree of services offered electronically and ideas to develop e-government appears to be of interest to all managers with the majority keen to discuss future directions for e-government. One manager admitted that while he did believe that e-government could offer huge benefits to his department he felt a little restrained by his imagination more than anything.

'I can not begin to comprehend how it will be more helpful but I know it is, somebody a bit more familiar with it needs to work out how'

Common suggestions for future development were a much greater focus on self-help, enabling customers to carry out a greater number of transactions without having to involve council staff at all. Further to this the idea of getting the public to participate more by authenticating users making it possible to move into referendums, an idea that reflects the concept of e-governance, an extension of e-government, which further to simply the electronic enablement of services, aims to involve the public to a much greater extent.

From the internal perspective the ability to permit contractors to connect into the council's corporate system and enter their information into that would create further efficiencies. The biggest barrier to this proposal currently is the security problems that are associated with allowing external parties into the council systems. Achieving this however would provide more seamless operations and create greater efficiencies for the department.

CONCLUSIONS

Aligning E-government with customer orientation

The managers interviewed believed that e-government does improve department performance specifically in terms of operations and customer relations. A number of benefits were mentioned such as efficiency gains, through the freeing up of resources as well as the provision of a more timely and flexible medium of reaching the customer. These benefits are consistent with the suggestions of Bell (2003), Freeman and Nelson (2003) and Story (2000). The role of e-government in the organisation studied is considered to be in the early stages, restricted to the '*electronic enablement of services*' (Bovaid, 2000, p9). This initiative however has still appeared to have created some major shifts in the organisational practices.

There is agreement among managers that a high degree of customer orientation is important. However it seems that department managers often have difficulty in implementing processes and practices to achieve this. At a departmental level managers will focus primarily on output measures, presuming that these will subsequently result in achievement of the high-level visions known as outcomes. At a strategic level it is recognised that that this is not always the case, in fact aligning outcomes and outputs is seen as a particularly difficult task. Consistent with Heiens (2000), aligning performance measurement to customer orientation is a vital link.

The major concern however, which does not appear to be apparent to managers, is that the customer measures of performance are based on the Residents Opinion Survey (ROS) results. Although managers do recognise the limitations of using these measures, they are still used, due to lack of a better measure. A number of managers commented on the fact that these measures did not provide actionable information and it appeared that these were more a formality than an effective means of obtaining information.

A number of writers suggest that what gets measured is what gets done (Kaplan and Norton, 1992; Eccles 1991; Russell, 1997) and thus the evident lack of alignment could cause confusion as to what managers should focus on. The introduction of e-government in such a setting is likely to add further complexity. E-government provides another factor for managers to have to build into their operations, which at low levels of customer orientation could divert them away from the organisations core objectives.

While managers do agree that the implementation of e-government has provided a number of benefits, the majority of these tend to be related to efficiency. Such improvements are likely to result in the achievement of outputs. At low levels of market orientation however, there is not likely to be a strong link between outputs and outcomes. Hence, the introduction of e-government is unlikely to provide more than automation, potentially improving efficiency and thus achievement of outputs but not necessarily outcomes.

Directions for Future Research

Given the nature of this research being a case study, it was necessary to limit the scope of the research. However there are a number of other issues that provide direction for future research.

One direction for future research, particularly with regard to services provided by city councils, is to identify the needs and wants of customers. This study has found that intelligence generation is low. Therefore future research into customer expectations of types of services, rang of services innovation and service quality would benefit practitioners in city councils as well and researchers. Then e-government is useful as a tool to enable the achievement of strategic goals and orientations. A cautionary note must be undertaken. There are two concerns. First, there are issues regarding the definition of the customer. This term encompasses stakeholders, citizens as well as customers. Second, the link between outputs and outcomes is weak. While there is substantial literature, which debates outputs and outcomes, some of this would be better directed to explore the context of e-government so that this can be better understood.

In this research a single case study method was selected however there is certainly potential to investigate how e-government has contributed in other organisations both within New Zealand and internationally. Possibly research could be taken on a

national scale and comparisons could be made between similar local government authorities, both within a country and across countries

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