

e-Government and State Reform: Policy Dilemmas for Europe

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Abstract: e-Government policies are both a sub-set and a driver of government and public sector reform, and their implementation raises or amplifies a number of political issues in a wide number of areas. Particularly, the implementation of the current transnational e-Government agenda raises important political issues, including the further privatisation of the public sphere and the changing role of government. Moreover, conflicting policy elements within the agenda magnify the need for more public debate on the desired outcomes of e-Government.

Keywords: e-Government, governance, state reform, public sector reform, European Union

1. Introduction: e-Government and State transformation

In many European countries, the design and implementation of e-Government strategies convey a new vision for the entire public sector. It has often been suggested that e-Government has the potential to transform governance and the relationships between State, citizens and businesses. However, as considerable amounts of public funds are invested in e-Government projects, the outcomes of their implementation – in terms of value for money, public value, and overall contribution to good governance - often remain unclear. Perhaps more importantly, the very strategic goals of e-Government are often blurred by a screen of hype and *catch-all* concepts such as *information society* or *modernisation*. Combined with an obvious lack of public debate in many countries, these results in uncertainty regarding the strategic goals of e-Government and their relationships with the objectives of State reform.

In this context, two general questions emerge: what does government want from e-Government, and what do citizens and business want from it? While it appears that most governments know what they want, at least in the short term (e.g. cost cutting, efficiency savings, and increased control over citizens and businesses), it appears that most users have limited awareness of both the potential benefits of e-Government and its associated risks. Moreover, most users fail to grasp the wider strategic implications of e-Government and its dynamic relationship to State reform objectives. More public debate on the desired outcomes of e-Government and on the strategic goals pursued via e-Government programmes is thus a pre-requisite for informed decision-making and public opinion formation in this area.

The emergence of a transnational e-Government agenda

Since the 1990's, a transnational e-Government agenda has emerged resulting from strategic initiatives taken by a number of leading countries, multinational corporations, the European Union and international organisations. This transnational agenda and its commonly accepted principles are now inspiring supranational, national and regional e-Government programmes throughout the world. As noted by Michalopoulos (2003, p. 6), "international organisations are powerful mechanisms of spread public policies and this is particularly apparent in the case of administrative reform that took place in the last two decades towards managerialisation". In this context, the use of information and communication technologies (ICT) by European governments seems to be currently driven by five main goals:

- Transforming public administrations: improving the efficiency of public administrations, reducing their size and cutting costs.
- Putting services online: delivering government services over the Internet and other electronic channels.
- Improving the image of government: increasing the transparency of the public sector and creating a more open, participative decision-making process.
- Increasing government control over society: re-enforcing control over citizens, businesses and taking action against perceived security threats.
- Providing a symbolic direction for society: appear to be *modern*, working towards *progress* by following existing technological trends.

These issues should be publicly debated and dealt with by the political system before major strategic e-Government choices are made. However, this is rarely the case, as the transnational e-Government agenda provides a number of *obvious pre-made choices* deemed to be applicable to all situations regardless of

political preferences and often presented as the inevitable result of technological progress. Nonetheless, there is a number of conflicting policy elements within the agenda, such as 'increased government transparency' versus 'increased citizen surveillance', which undermine its coherence.

1.1 Global political context

A number of important geo-political events, socio-political trends, and technological developments – as well as their impact in terms of ideological references and widely shared political views - have not only paved the way for the emergence of a transnational e-Government agenda, but also influenced its content over the years - sometimes in contradictory ways. Such events and developments include the following:

- Fall of the Berlin Wall (1989): this set the stage for the expansion of American influence throughout the world, the ideological hegemony of the Anglo-Saxon mix of liberal democracy and free markets, and the acceleration of the globalisation of the world economy.
- The *universalisation* of the Internet (mid-1990's): the relative universalisation of personal computers and the Internet in industrialised countries has created the technological and societal pre-conditions for the emergence of e-Government and e-democracy models and services. The Internet and ICT revolution brought the communications phenomenon to occupy a central place in European societies.
- Approval of the EU *Lisbon Agenda* (March 2000): widespread use of ICTs in society, including the development of e-Government, is seen as the key enabler for further competitiveness, job creation and sustainable development.
- Terrorist attacks in the United States (September 2001): the terrorist attacks of 11 September 2001 have decisively contributed to shift the political priorities in the United States towards security - or at least the appearance of security - threatening the delicate balance between State control and security on one hand, and civil liberties and human rights on the other. Together with the so-called *war on terror*, the security and control agenda has quickly crossed the Atlantic.
- Enlargement of the European Union (May 2004): the enlargement to 25 Member States is likely to magnify the practical and political difficulties of on-going and future EU integration processes, highlighting the need for deep reform,

new decision-making processes as well as the daunting task of effectively bringing the EU closer to citizens.

1.2 e-Government: working definition

For the purpose of this paper, the definition of e-Government provided in the European Commission Communication 'The Role of e-Government for Europe's Future' will be used:

[e-Government is] the use of information and communication technologies in public administrations combined with organisational change and new skills in order to improve public services and democratic processes and strengthen support to public policies (European Commission 2003, p. 7).

This definition is quite wide and includes aspects that are fundamental for successful use of ICT, such as organisational change and user skills. It does not assign a value to ICT or e-Government *per se*, but relates them to a wider effort to support public policies.

2. Beyond technological determinism: what is at stake?

The technological aspects of e-Government have often relegated the debate to a community of experts from the public, academic and industry sectors. We believe that the political aspects of e-Government should be brought to a more public debate. What is really at stake in the implementation of e-Government is the re-definition of the public sector, the role of government, and the relationship between public authorities and citizens and businesses. In this respect, the e-Government agenda is not really new, but it enables, magnifies, and accelerates the implementation of public sector reforms that have been at work – both in theoretical and practical terms – since the 1970's, and particularly since the 1980's in the so-called *Western world*.

Such reforms signal a shift towards liberal ideologies, slowly driving European governments away from the Welfare State and pushing the public domain into the private sphere. This long-term shift appears to be a *fact of life*, beyond any possible choice: "the reinvention of government or the New Public Management is considered as an inevitable convergence, as the only one left option" (Michalopoulos 2003, p. 5), echoing the concept of "the end of history" (Fukuyama 1992).

Although the managerialisation process of the public sector began in the Anglo-Saxon countries, reform towards a smaller, more efficient and less expensive government is now a common theme

across the European Union. Indeed, the EU Member States – and the European Union itself – are currently engaged in a joint effort towards what has been described as the “competitive state” (Palan-Abbott, 1996). As noted by Toonen, T. and Raadschelders, J. (1997):

Whether it is the British New Public Management (NPM) movement, the Clinton-Gore attempt at Reinventing Government or World Bank and OECD reports on Public Management Reform, many of the same items, slogans and principles seem to be returning in various cases. A dominant presupposition, though increasingly challenged, is that within this process the Anglo-Saxon countries (Great Britain; Australia; New Zealand; Canada) have taken the lead. Gradually it is becoming clear, however, that the Northern European Welfare States of Scandinavia and the Benelux have been engaged in drastic restructuring efforts as well [...] France, Italy and Spain are also engaged in rather substantial public sector and government reform enterprises, be it also not necessarily along the same lines as the Commonwealth countries.

However, some authors have argued that the radical influence of New Public Management over public sector organisation and methods could be overtaken and superseded by the “holistic” demands of e-Government and the rise of the “Digital State Paradigm” (Dunleavy and Margetts 2000). Regardless of the relationships between e-Government programmes and underlying theories and paradigms, the e-Government drive can and should be used as an enabler and multiplier of public policy. Thus, it is important not to hide the implicit public policy dilemmas and choices behind a screen of technical jargon and marketing rhetoric.

At a general level, it is interesting to note that many of the strategic objectives of current e-Government programmes are similar to the components of public sector reform advocated by the OECD in 1995, i.e. in the early ages of e-Government: greater focus on results, increased value for money, devolution of authority and enhanced flexibility, strengthened accountability and control, client and service orientation, strengthened capacity for developing strategy and policy, and the introduction of competition (OECD, 1995, p. 25).

2.1 The role of Government

e-Government programmes and their implicit public sector reform agendas carry with them an even more fundamental issue, which is that of the role of government itself. Beyond the modernisation and efficiency priorities, the issue

of the future role of government – and of the definition of *public interest* remains open to debate. In spite of resistance to change in some quarters, it appears that most citizens and socio-economic agents are in favour of a public sector that is less bureaucratic, more transparent, productive and cost-efficient. However, the issue is not that simple - it's not like turning a non-competitive business into a competitive one - and it entails the question of the very nature of government. In rough terms, the e-Government debate may lead us to a more fundamental choice between a *privatised* government (in which most issues are dealt with according to commercial relationships and principles, with services paid for by clients) and a traditional, *public* government (in which many services considered to be of public interest are provided to citizens and businesses according to a variety of criteria not necessarily linked to commercial considerations).

In our view a third option is possible, which would allow the development of a more efficient public service – partly fuelled by ICT and e-Government services – without necessarily leading to a dramatic shrinking of the public sphere or representing a step towards compromising the rights of citizens and the solidarity principles that are characteristic of many European societies and the European supranational project.

In all cases, there is a need to discuss and define the role of government, its missions and the modalities of delivery of public services. This need has been comprehensively expressed by the eGovernment subgroup of the eEurope Advisory Group (composed of leaders and representatives of national e-Government initiatives from some 30 European countries), which issued a set of recommendations for modernising and stimulating innovation in public administrations until 2010. The document adopted by the subgroup, known as the *CoBrA Recommendations*, called among other things for an assessment of the role of governments in delivering public value and the related necessary actions to transform organisations and adapt services and processes. Such an assessment should provide valuable insight for “reconsidering the services that are to be provided – or not -, how service delivery is to be organised including partnerships with the private sector, which channels are to be used, which processes are needed and which inter-organisational forms of cooperation and distribution of responsibilities are required” (eGovernment subgroup of the eEurope Advisory Group 2004).

2.2 Privatisation of the public sphere

The on-going reform of the public sector and re-definition of the role of government has entailed changes in government functions and multiplied both the number and type of entities participating in the management and delivery of public services. The traditional role of government as manager of public affairs is thus evolving into a coordination role, reflecting the liberal trend towards less direct State participation in the economic system. As a result of this progressive privatisation of the public sphere - visible in the transformation of service provision functions traditionally managed by government – “many of the aspects of the welfare state accepted as fact for quite some time by European society have been called into question” (Alabau 2004, p. 29).

The transnational e-Government agenda calls for an increased use of private sector intermediaries in the delivery of public services, simultaneously following and feeding the ongoing trend towards outsourcing of traditional government functions and privatisation of public services. The increasingly important role of the private sector is already clearly visible in the definition, implementation and delivery of e-Government services. It encompasses a wide array of functions, such as strategic advice, training, infrastructure, hardware and software provision, service delivery and financing arrangements. For instance, as the result of outsourcing, the number of IT professionals in central government in the United Kingdom fell from some 12,000 in the early 1990s to about 1,500 in 2004 (eGov monitor, 18 October 2004).

Researchers have highlighted that such a trend towards private intermediation is expected to grow not only as a result of political and economic options but also as a result of increasing technological complexity. It is thus likely that, as part of this vision of “distributed e-Government” (Centeno, Van Bavel and Burgelman 2004):

New players, both virtual (e-agents or e-brokers) and physical (social actors, trainers, or citizens themselves) will emerge as new technologies and eGovernment applications are developed, to address cognitive overload and functional or procedural complexity. Even if usability is improved, it is expected that not everyone will have access to electronic public services – intermediaries will be needed, i.e. people who provide access to others, particularly in rural areas.

The potential roles of these new players – including their accountability, their contribution to the creation of public value, their own needs in

terms of partnership with the public sector, and the necessary financial models – needs to be further investigated.

3. Key policy issues

e-Government policies are both a sub-set and a driver of government and public sector reform, and their implementation raises or amplifies a number of political issues in a wide number of areas. Particularly, the implementation of the transnational e-Government agenda raises important high-level political and policy issues in the following areas:

- Government and governance: ideology, policy, strategy. Further privatisation of the public sphere and the changing role of government.
- Public administration reform: impact on services, service delivery, service take-up, and the re-organisation of public administrations.

In addition, e-Government programmes can have an important impact in democracy practices (political participation, citizen engagement, and the future of representative democracy) as well as on a number of policy areas, such as the promotion of competitiveness (how to help both businesses and workers be more competitive in a globalised economy); justice and home affairs issues (identification, data-sharing, border security and the ‘surveillance society’); and technology policy (interoperability, open standards, open source software, and public procurement of ICT).

This implies that, in democratic societies, stakeholders including legislators, citizens, government and other groups need to decide what kind of government they want in the future; what the ideal balance between the public and the private spheres should be; how public administrations should be re-organized; how public services should be delivered and over which channels; how participative or direct democracy should be; how much should privacy be sacrificed for additional security or personalised e-services; how best to use information and communication technology to foster competitiveness; and how to best manage public funds when it comes to technology policy and procurement of software by the public sector.

All of these themes raise important questions – implying a number of choices - within the framework of the EU and its Member States. In the following paragraphs the main issues related to the impact of e-Government on government and public administration are briefly analysed.

3.1 Government, governance, and the creation of public value

One of the most interesting aspects of the current trend towards the implementation of e-Government services is that it raises – albeit somehow inadvertently and rarely at the general public level – a debate about aspects such as the role of government, good governance, the mission of public services and their relationship with the private sector, and general policy priorities. In this respect, it would be desirable to establish clear links between e-Government programmes, ideological frameworks, and public policy choices.

Many observers see e-Government in the near future as an enabler for better governance in Europe, placing it

at the core of public management modernisation and reform, where technology is used as a strategic tool to modernise structures, processes, the regulatory framework, human resources and the culture of public administrations to provide better government, and ultimately, increased ‘public value’ (Centeno, Van Bavel and Burgelman 2004).

In our view, the creation of public value should be at the heart of e-Government programmes and specific projects, as well as at the centre of e-Government pre- and post-project evaluation efforts. Rather than being driven by cost-cutting priorities that in many cases appear to be founded on wishful and dubious estimates or by the assumption that smaller government is intrinsically better, more efficient, less expensive and ultimately superior for a country’s economy - the question of a possible correlation between the size of government and economic growth has been dividing economists for a long time and has not been clearly established (Chevallerau 2005) - the generation of significant public value should be the key concept in guiding e-Government and wider public sector reform programmes.

Kearns (2004, p. 6) has clearly laid out the three important sources of public value:

First, public value is created by the delivery of high quality services. Perceptions of services are driven by a series of factors such as their availability, the satisfaction of users, the perceived importance of the service and the fairness of its provision and finally its cost. The second source of public value is the achievement of outcomes that are seen as desirable by the public such as improvements in health, reduced poverty or environmental improvements. Finally, trust in public institutions is an important source of public

value, making citizens more likely both to accept government action and to feel a sense of association with it.

Public value is the ultimate goal of government and, naturally, of e-Government as well. The European Union and its Member States should bear this in mind when formulating and implementing their strategies and policies in the current context of increased privatisation of the public sphere. While privatisation may generate public value, it is certainly not a miracle formula for better government. The debate about the changing role of government should not hide the fact that generating public value must remain the *raison d’être* of the public sector, even in times of change.

3.2 Public administration and sustainable e-Government

In terms of public administration reform, the strategic goals of the transnational e-Government agenda are closely derived from the “new public management” theory developed and refined since the 1970’s. Its main concept, managerialism, implies the use of private sector techniques, practices and philosophy in the activities of government in order to *make more with less*. The direct relationship between e-Government and the new public management agenda has been clearly established by the European Commission:

The change towards an organisation according to the concept that the user is at the centre (customer orientation), which was already at the heart of the New Public Management approach, is reinforced by eGovernment and made visible at the front-office in personalised online services, a one-stop approach and a life- (or business-) event orientation (European Commission 2003, p.20).

Yildiz (2003) highlights that advocates of new public management sought greater efficiency by decentralisation, privatisation or outsourcing, while simultaneously emphasising the need for “transforming the culture of public organisations by underlining the importance of perceiving citizens as customers, concentrating on outputs and outcomes rather than inputs, and providing quality products and service in the public sector”. However, because public administrations are not private sector businesses and thus not mainly driven by profit – i.e. they have to take into account public interest factors and the creation of public value - the economic and business primacy proclaimed by managerialists carries the risk of undermining public interest and the rights associated with democratic citizenship and civic engagement (DeLeon and Denhardt, 2000). The

EU and its Member States should thus leverage e-Government initiatives and related training, outsourcing and back-office re-organisation to carefully implement public sector reforms that make governments more responsive and efficient while protecting its key public interest functions.

Current investments in e-Government in Europe are not sustainable in the medium-term if their effectiveness is not clearly demonstrated. Such effectiveness cannot always be calculated purely in financial terms because of the particularities of the public sector (related for instance to service pricing issues or to difficulties to measure public value and associated outputs and outcomes). The effectiveness and success of e-Government initiatives should thus be measured against a complex set of criteria (Kearns 2004): the provision of services that are widely used, increased levels of user satisfaction, increased information and choice available to service users, greater focus on the services that the public believes are the most important, increased focusing of new and innovative services on those most in need, reduced costs of service provision, improved delivery of desired outcomes, and a contribution to improved levels of trust between citizens and public institutions.

In addition, e-Government policies will need to take more account of demand side realities and societal factors if they are to lead to the successful take-up of e-Government services (Burgelman and Clements 2003). In this respect, delivery of significant value and service *improvements* is also the key to increasing take-up of public electronic services by users, as demonstrated by the results of a survey commissioned by the Dutch Presidency of the European Public Administration Network (Cappemini and TNO 2004). The survey revealed that improvements to service – other than the convenience of online access - were only experienced by 30-40% of European e-Government users. Thus, we believe that governments should abandon the idea of enforcing quantitative, *quality-blind* objectives (such as putting all services online), and focus on improving the quality of important services – both online and offline – for which a user demand for improvement and online delivery actually exists.

If e-Government and its associated reforms fail to deliver a better public administration that provides citizens and business with demonstrable, measurable value, the use of ICT in government could become, as argued by Toonen (2001), the symbolic reform ideology of our times, similar to the ideology of scientific management in the 1930's and 1940's. Success will require innovative

transformational programmes that motivate - rather than alienate - civil servants at all hierarchical levels. As pointed out by Centeno, Van Bavel and Burgelman (2004), resistance to change will pose significant challenges to governments, which raise the need for further research regarding tools and methods for successful organisational transformation.

4. Conclusion: Addressing the e-Government agenda at the pan-European level

To date, the implementation of e-Government in Europe does not provide evidence that the role of nation-states is eroding, nor does it provide evidence that the role of the European Union is irrelevant in this field. However, the barriers that have been encountered to the formulation of a coherent European e-Government policy do demonstrate that there is a long way to go before existing structures metamorphose into new models, and national e-Government programmes reveal that governments have thus far used ICT to hold on to their sovereignty (Segedy 2005). Most policy issues raised by the implementation of the transnational e-Government agenda can and should be tackled at national level. However, some of them could also be effectively addressed at European Union level.

Although the EU has no competence over the government and public administration organisation of its Member States – and therefore no binding “policy” in this field – the European Commission has a “proto-policy”, i.e. an “agenda” that it promotes both via other areas of competence, such as the internal market, and through programmes such as eEurope 2005, i2010, IDABC, and to a lesser extent, research/development programmes such as IST and eTEN. This e-Government agenda of the European Commission simultaneously derives from – and feeds into – what we have called the transnational e-Government agenda.

In spite of its current lack of both a coherent e-Government policy and effective competence in the public administration domain, the Commission has made a number of efforts, using instruments from its Industrial, Trans-European Networks, Research and Technological Development, Internal Market, Competition and Regional Development policies, to encourage national public administrations to implement e-Government, carry out organisational changes, and improve public services and democratic processes (Alabau 2004). For instance, the controversial Directive on Services in the Internal Market, proposed by the European Commission in

January 2004, calls for the mandatory establishment by the end of 2008 of online single points of contact for companies wishing to offer services across borders. The proposed text sets the obligation for Member States to allow electronic completion of all necessary formalities at the latest by 31 December 2008 (European Commission 2004).

The EU and its Member States need to perform a true assessment of the needs for e-Government implementation in Europe and determine how the EU can help tackle common problems and

barriers. In this respect, the rationalisation of EU e-Government initiatives, the development of common technical standards and common infrastructure services (for instance in the field of e-identification or e-payments), and the establishment of a European e-Government competence centre for the effective sharing and transfer of best practices could be set up as EU-level policy priorities. In addition, there is a need to better understand how e-Government could support European integration – including future enlargement scenarios – and the transformation of the European bureaucratic apparatus.

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