Value-Creating E-Government Business Models for Early Childhood Education in Finland

Jonna Järveläinen, Turku School of Economics, Finland
Eija Koskivaara, Turku School of Economics, Finland
Päivi Pihlaja, University of Turku, Finland
Hannu Salmela, Turku School of Economics, Finland
Jarmo Tähkäpää, Turku School of Economics, Finland
Timo Kestilä, Turku School of Economics, Finland
Jarmo Kinos, University of Turku, Finland

ABSTRACT

In many cases, e-government is considered a name for transforming informative public services into electronic mode, although the focus of e-government should be on creating value for citizens as well as public organizations. In this article we apply Amit and Zott’s (2001) e-business value creation methods to an e-government environment, namely early childhood education in Finland. The objective of the collaborative action research study was to find out what kind of business models in e-government would create value for citizens. The methodological result based on the collaborative nature of the study is a method for analyzing and generating business models. Amit & Zott’s framework also seems to be applicable to the e-government environment, and we were able to draw many viable business models for early childhood education, which forms the practical contribution of the study.

Keywords: action research; business models; early childhood education; IS planning issues; IS value; IT in public administration

INTRODUCTION

The diffusion of e-government has been slower than the diffusion of e-business and many applications are designed from an organization-centric view, not from a customer- or citizen-centric view (Marche & McNiven, 2003). In some public sectors use of information and communication technology is a quite recent development and they do not have the capability to fully utilize it. One of these public sectors in Finland is the state- and municipality-controlled early childhood education (ECE), the environment for this research.
E-government is often perceived as a channel for government to offer information-intensive public services in electronic form. Janssen, Kuk, and Wagenaar (2005) have studied and categorized e-government business models in the Netherlands. According to their research, most of the e-services in the content and direct-to-customer (e-government) business models were intended to make existing information and services available. They recommended that value creation should become an essential part of e-government.

Amit and Zott (2001) have presented value creation methods for e-business. We will extend the scope of their model to the area of e-government. The new model has been applied in this action research study in Finland. The context of this paper is the ECE service provided by a public organization and the purpose is to study how e-government creates value for customers or citizens.

In the research area of e-business, the customer is in a central role. In the field of e-government, the concept of “customer” could be considered too narrow. When we use public services we are customers, but at the same time we are citizens, who have more power than ordinary business customers. As tax payers, we are also owners of the public service providers and as citizens we are also subjects with obligations (Mintzberg, 1996). One of our obligations is to rear our children to be good citizens. Early childhood education shares this educational responsibility with us; therefore, parents and ECE have a so-called ECE partnership.

The article is organized as follows. In the next section we outline the theoretical basis of the study. The third section describes the case, ECE in Finland, which is followed by a presentation of the collaborative research method used in this study. The fifth section highlights the results against the theoretical framework. Finally, the discussion and conclusions section concludes the paper.

THEORETICAL BACKGROUND
One of the various definitions of a business model states that it “is a method and a set of assumptions that explains how a business creates value and earns profits in a competitive environment” (Lumpkin & Dess, 2004). Since government or public organizations are usually nonprofit organizations and the financing comes from the tax payers, the business model for government should be a method and set of assumptions that explains how a public organization creates value and does not make losses in a competitive environment. After all, some government services compete with private service providers, which is the situation with ECE services in Finland.

According to Lee, Tan, and Trimi (2005), the purpose of e-government is to offer the citizens valuable and quality public services and information on the Internet. Although it is possible just to digitize the services, for example returning a tax form, the best value from public e-services is gained when different public organizations horizontally integrate their processes in order to provide a “one-stop” e-service point for citizens (Lee et al., 2005).

Referring to Lumpkin and Dess’s (2004) definition, the idea of an e-business model is to gain profit and create value for customers by using the organization’s existing resources on the Internet. Value creation in e-business has been studied by many authors in recent years. Lumpkin and Dess (2004) themselves discovered that search, evaluation, problem-solving, transaction activities, and different types of content may create value for a customer online. Zhu and Kraemer (2005) assert that value is created in e-business with transactional efficiencies, market expansion, and information sharing and integration. Barua, Konana, Whinston, and Yin (2001) argue that operational excellence is a key element in e-business value creation. Porter (2001) explains that the Internet can create value for buyers by increasing consumers’ ability to negotiate with traditional channels, and thus eliminate them.

One of the most used value creation models is by Amit and Zott (2001), who have presented four possible sources of value creation, specifically efficiency, complementarities, lock-in, and novelty. Since public organizations should also
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