



## **Chapter IV**

# **The Digital Divide Challenge: How Stakeholder Analysis Can Be Used to Formulate Effective IT Diffusion Policies**

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## **ABSTRACT**

*Following an initial euphoria about the power of the information superhighway to provide better access to information and wealth for all, what we have experienced in reality instead is that information and communication technologies have created further inequalities at individual, business, national and international level. To ease the effects of this “digital divide,” policy makers have taken up the role of change agencies, influencing the public in using innovative information technologies. This chapter focuses on the role of these change agencies for technology diffusion and the elimination of the digital divide. It is argued that examining the interest of change agencies and the other stakeholders involved in the diffusion process from a normative perspective can help in the preparation of effective information technology diffusion policies.*

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## INTRODUCTION

The term “digital divide” has been used to describe the inequalities in the use of the Internet and other telecommunication technologies among and within countries (OECD, 2001). The need for the elimination of the digital divide points to a need for effective technology diffusion policies. Such policies can support companies and individuals to familiarize themselves with new technologies besides their financial situation, culture, gender, or race. A number of questions in the examination of issues related to effective information technology diffusion policies arise from the so-called digital divide. Where does it occur and why? What are the diffusion strategies that can be used to alleviate it? Who are the stakeholders that mostly need information and advice?

Stakeholder theory has been previously used for the examination of entities involved in the electronic commerce policy making by government agencies at a national level (Papazafeiropoulou, Pouloudi, & Currie, 2001). It is argued that national governments that have a holistic view of the stakeholders acting in the market can be sensitive to particular needs of different interest groups. They can consequently be more effective in the application of their strategies and act proactively in a rapid technologically changing environment. In this chapter the normative implications of stakeholder analysis are further investigated for the examination of issues related to who the stakeholders are that are the target of a diffusion strategy and why. We argue that stakeholder analysis has the effect of making policy makers more aware of what is at stake and therefore take action to reduce the digital divide. By identifying the needs for training and advice of less advanced stakeholders, the discussion leads to the consideration of what rights and responsibilities stakeholders have in such a context.

## THE PHENOMENON OF THE DIGITAL DIVIDE

The initial euphoria about the power that the information superhighway can offer to support new services, which will empower citizens and enable their full participation in an emerging ‘digital democracy’, has been heavily debated. The ‘digital democracy’ is now threatened by the ‘information aristocracy’ (Carter, 1997). There is always the concern that in the case that individuals and companies are not able to have access to online services, either because they do not have the means or the knowledge to do so, the result will be the reinforcement of existing patterns of inequalities.

There is a lot of debate about the cultural, gender, and race gap in the use of the Internet and the proportion of users with lower education and income (Hoffman, Novak, & Schlosser, 2000). The penetration of the Internet and electronic commerce in developing countries, which lag far behind North America and Europe, is also an outstanding issue in the existence of ‘haves’ and ‘have-nots’ in cyberspace, (e.g., Bhatnagar, 1997; Blanning, Bui, & Tan, 1997; Clark & Lai, 1998; Kim & Hong, 1997). Developed countries have more access to information that is less expensive, easier, and faster, while less technologically advanced regions have to deal with problems of inadequate infrastructure, lack of awareness, and lack of appropriate legal frameworks.

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