Chapter 23
Determinants of E-Government Satisfaction: The Case Study of E-Procurement

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ABSTRACT

E-procurement is an electronic purchasing or buying goods and services via electronic means. The government of Malaysia implements e-procurement systems in realizing the cost benefits therein. The government charges Commerce Dot Com Sdn Bhd to independent best practice of e-procurement that can meet the satisfaction of the business and nonbusiness citizens of the country. In the light of this, the chapter examines some determinants of users' satisfaction and their relationships with e-procurement services. In order to bridge the gap between theory and practice, the study employs a quantitative survey analysis as its methodological approach. The findings of the research show a significant relationship between service quality, ease of access, knowledge, transparency, and security in e-procurement services as the key factors that determine the satisfactions of the service users.

INTRODUCTION

In this era of information communication technologies (ICT), there are no limits to what businesses can do using the **technology** of e-procurement. Almost anything one can think of can be bought or sold using e-procurement process. Wholesale buyers can search electronic catalogues for goods, purchase their requisitions and send the goods to their suppliers. The time frame using e-procurement as compared to previous methods is extremely short. In today's fast paced consumer marketplace, no business can afford to underestimate the value of e-procurement. Thus, with today's **Internet** capabilities, it is easier or cheaper for businesses to market and advertise their products. Today, this type of buying and selling reaches the widest possible marketplace where many people run businesses from web sites. There are little or no overhead costs, but one may need to have **Internet** connection and purchase software applications such as e-payment. E-payment is a software tool which

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deals with electronic invoicing and self-billing. Such software is relatively cheap, and once it is in place the billing procedure takes care of itself. Instead of costly and time consuming mail shots, a single email can be sent to many customers at a lesser cost for an organization.

Generally, e-procurement is one of the applications of e-government that enable users to submit quotations, obtain tender document and submit tender bid. E-procurement system, better known as e-Perolehan in Malaysia, streamlines government's procurement activities and improves the quality of service it provides to the public masses. Ministry of Finance plays an important role as a provider for all services regarding the financial management, tender, **e-billing**, pay taxes and e-commerce. The main purpose of this research is to examine the factors that contribute to the satisfaction of the end users of e-procurement in Malaysian e-government programs.

This chapter, after providing a conceptual view on e-procurement, discusses on operationalization of the framework alongside with three hypotheses and research methodology. It goes on analyzing the findings. Later on it puts forwards discussions on implications of the findings. Finally before conclusion, this chapter provides some future research issues and recommendations.

CONCEPTUALIZING E-PROCUREMENT AND SERVICE TRANSACTIONS

E-procurement describes the use of network, web, database, and related information technologies for paperless procurement. E-procurement can range from using electronic data interchange to digitally processed transactions to sophisticated order management and inventory control systems (Nellore, 2001). E-procurement is gaining in popularity because it reduces transaction costs for buyers and, hence, can have significant impact on the profitability of organizations (Croon and Johnston, 2003). E-procurement converts traditional manual procurement processes in the Government machinery to the electronic procurement on the **Internet**. A number of commodities and/or complex components can be bought online rather than through face to face negotiations (Rajkumar, 2001). E-procurement is a critical component of the government's supply chain initiatives. It provides an innovative solution in dealing with the inefficient public procurement that has received a lot of criticism and negative perception.

Though e-procurement by government results in benefits such as increased efficiency, it faces great challenges in terms of managing the relationships with online vendors and application service providers. E-procurement streamlines government procurement activities and improves the quality of service it provides. E-procurement converts traditional manual procurement processes in the Government machinery to electronic procurement on the **Internet**. Through e-procurement, the users are able to present their products on the World Wide Web, receive, manage and process purchase orders and receive payment from government agencies via the **Internet**, submit tender bid. E-procurement also allows users to use the **Internet** to register or renew their registration, pay their registration fees, and check the status of their applications with the Ministry of Finance.

Service is an act or performance that creates benefits for customers by bringing about a desired change in or on behalf of the recipient service also has been described as something that may be brought and sold, but which cannot be dropped on someone's front. Web services are important to business-to-business and business-to-consumer application deployment and are poised to be a critical aspect of the Web architecture of a business. Their reliable operation is required for the smooth and profitable operation of the business, mandating that Web services be well managed (Croon and Johnston, 2003). Web services represent an evolution of the Web to allow applications to interact over the **Internet** in an open and flexible way.