

## Chapter II

# Implementing E–Business Models in the Public Services: Challenges, Constraints, and Successful Elements

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### **ABSTRACT**

*Despite the significant progress made by research into e-business models, the issue of how public sector organisations can successfully make the transition from traditional approaches to e-business by taking advantage of e-technologies has received little attention. This chapter draws on qualitative, longitudinal case-study research carried out between 2001 and 2005 in Britain’s national mapping agency to reveal the processes of strategic and organisational transformation engendered by e-business in an organisation evolving from the classical, bureaucratic, and centralised “public sector model” toward a new organisational form through embracing e-business as a corporate philosophy. The study also explores the key components of the new e-business model implemented by the organisation and the contextual factors that impacted on the effectiveness of e-strategy implementation in order to draw a list of best practices for the implementation of e-business in a public sector context.*

### **INTRODUCTION**

Increasing environmental pressures, global economic uncertainties, changes in public, and community expectations and pressures to increase public accountability have provided the

momentum for public sector organisations in the United Kingdom to examine the effectiveness of their management structures, systems, and processes. Current economic circumstances and the growing body of opinion that public services need to be more effective have forced the British

government to consider new management practices in the public services. The emphasis is on achieving efficiency, effectiveness, and economy in the activities performed by public organisations and on developing their ability to compete with private sector organisations (Boyne, 2002, 2004; Boyne & Walker, 2004). The *Modernising government* agenda has provided public sector organisations with the opportunity to operate and compete commercially, while the government retains ownership (E-Government Strategic Framework, April 2001; New Labour Modernising Government White Paper, March 1999). Commercialisation, part of these reforms, has been seen as one of the ways of reinventing public sector entities to make them more competitive in the commercial market. It was used as a way of relieving some of the government's financial pressures and described the situation whereby former government agencies were allowed to charge the public for the provision of goods and services and to adopt features of the commercial environment.

In this changing context for the public sector, public sector organisations have been urged to transform the way they do business, by taking the opportunities and meeting the challenges that e-technologies and e-ways of working presented. As a result, public sector organisations have invented new e-business models for the public services. E-business has been seen as a way of transforming these bureaucratic, centralised, and reactive organisations and their capabilities by experimenting with new ways of information and services delivery via electronic channels (Li, 2003; Mahrer & Brandtweiner, 2004). While the Internet created new commercial opportunities for public sector organisations, e-business was thus about exploiting those opportunities.

However, there has been a tendency to assume that processes of change driven by e-business in the public domain are essentially the same as those in commercial organisations in the private sector. The main problem with these assumptions

is that they may ignore how both the mechanisms of change and the outcomes are different in public organisations. In particular, being a commercialising public sector organisation may add different constraints to developing an e-business strategic agenda and we may, thus, fail to do justice to what is distinctive about public sector e-business transformation in terms of the strategic priorities and demands it creates, and the kind of responses it elicits from managers.

Given the unique characteristics and the specific context within which public sector organisations operate, there is a need to develop a more tailored approach to the analysis of e-business transformation within the sector. There is an array of general influence factors specific to this particular environment that might influence the conception and implementation of the change process. However, to date, most research on e-business has focused on private sector entities with little research carried out in public sector organisations and little attention given to the contextual factors that might influence the e-business transformation processes in the public sector. It is important to analyse these factors, nevertheless, as they may enhance understanding of the challenges of applying e-business technologies and principles in the public services.

This chapter draws on qualitative, longitudinal case-study research carried out between 2001 and 2005 in a commercialised public sector organisation to reveal the processes of strategic and organisational transformation engendered by e-business during the implementation of a complex structural and cultural change programme aimed at reshaping this organisation and rethinking how it provided value to its customers. It also explores the contextual factors that challenged the implementation of the new e-business model and impacted on the effectiveness of strategic change management, by enabling or constraining the e-strategy implementation process. The discussion will examine the dilemmas and constraints identified by managers in the interpretation of the

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