

# Chapter 1.6

## The Role of Government in E-Business Adoption

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### ABSTRACT

An analysis of the role of government in e-business adoption is provided in this chapter, with empirical evidence from Australia included. It is shown that government influence is multifaceted. Governments champion e-business adoption for national economic gain; they provide the physical network on which much of e-business depends and increasingly provide e-government services to improve regulation and compliance effectiveness. E-government in particular can act as a strong driver of organisational adoption for some types of e-business processes. Implications for theory from a DOI perspective are included. The authors hope that further research by IS professionals will guide future e-business project directions by improving the understanding of government's role in e-business adoption in practice, which in turn will improve theoretical understanding of how the benefits can best be maximized.

### INTRODUCTION

Governments and big businesses are powerful stakeholders in driving and shaping economies and the communities in which those economies operate. In particular, governments are able to maintain a dominant position at the top of the stakeholder pecking order due to their regulatory and fiscal power. This powerful position allows governments to exert influence on e-business adoption patterns in a variety of ways. The discussion ranges from indirect pressures resulting from governments' strong championship of e-business benefits through to direct influences arising from the legislative controls introduced for the digital economy, the provision of the physical network infrastructure as a critical enabling adoption factor, and the effects of e-government activity on e-business adoption in general. Both theoretical explanations and empirical evidence, based largely on an Australian perspective, are provided

to support the discussion on the role governments play in e-business adoption.

## **BACKGROUND**

E-business is used for a wide range of purposes and types as the following definition illustrates: “the use of Internet technologies to link customers, suppliers, business partners, and employees using at least one of the following: (a) e-commerce Web sites that offer sales transactions, (b) customer-service Web sites, (c) intranets and enterprise information portals, (d) extranets and supply chains, and (e) IP electronic data interchange” (Wu, Mahajan, & Balasubramanian, 2003, p. 425). Also, it is often assumed that an explicit and close connection between e-business and competitive advantage exists, as the next definition illustrates: “As a way of doing business, e-business refers to the use of business processes that leverage technology — and especially the Internet and World Wide Web (the Web) — to maintain or create competitive advantage” (McKie, 2001, p. xvi). This automatic coupling of e-business with the delivery of some level of guaranteed benefit is one which appears regularly in the literature (Porter, 2001; Sawhney & Zabin, 2001). However the relationship between e-business and delivered benefit is unlikely to be consistent for all types of e-business processes, and does not necessarily exist for all stakeholders involved in its adoption and use. Despite this note of caution, many governments around the world are committed to providing e-government for their nation’s citizens and organisations in the form of government information and services on the Web because of the expected benefits such as improved effectiveness and greater convenience of access (Gefen, Pavlou, Warkentin, & Rose, 2002; NOIE, 2003b; Turban, King, Lee, Warkentin, & Chung, 2002).

Internet-enabled e-business is credited with delivering a new type of Internet-based economy in which information flows are improved while

associated costs are reduced (Dunt & Harper, 2002). Michael Porter’s (2001) claim that “Internet technology provides better opportunities for companies to establish distinctive strategic positioning than did previous generations of information technology” (p. 65) supports the high confidence shown in e-business by government bodies and many business analysts (D. Anderson, 2000; NOIE, 2000; OIE, 2004a). Two major benefits of e-business adoption commonly identified are reduced costs and increased demand through increased services and new markets (Allen Consulting Group, 2002; OECD, 2002). These benefits directly flow from the Internet’s intrinsic characteristics of providing low-cost and high-speed global communication, effectively reducing the limiting impact of geographic position and extending presence in the marketplace to 24 hours a day, 7 days a week.

Related benefits of e-business adoption promoted or marketed by Australia’s National Office for the Information Economy (NOIE) include increased competitive advantage; provision of new ways of generating revenue; improved relationships with suppliers; improved services to clients; increased collaboration in the supply-chain; and improved business practices through the development of new business models built around the capability of networking (NOIE, 2002b). Thus e-business is closely associated with economic growth at both a national and organisational level in the minds of many, including economic and government analysts (Bakry & Bakry, 2001; Brown, 2002; Dunt & Harper, 2002; Porter, 2001). As a consequence, governments are not only keen to increase adoption rates by organisations, but are also keen to realize direct benefits by adopting e-business for the purpose of delivering government services more effectively, thus resulting in e-government.

Much of the empirical evidence and discussion included in this chapter are based on examples taken from Australia, and hence a brief background of the Australian government’s efforts to

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