# Analyzing Stakeholder Diversity in G2G Efforts: Combining Descriptive Stakeholder Theory and Dialectic Process Theory[1]

**Leif Skiftenes Flak**
University of Agder

**Stig Nordheim**
University of Agder

**Bjørn Erik Munkvold**
University of Agder

## ABSTRACT

*Previous research indicates that the benefits of e-government initiatives are slower to realize than initially expected. This has partly been ascribed to the particularly complex settings of e-government projects, consisting of a variety of stakeholders promoting different and often conflicting objectives. Yet few studies have explicitly addressed the inherent challenges of this diversity. This study presents an analytical approach for investigating contradictory stakeholder interests by combining descriptive stakeholder theory and dialectic process theory. Descriptive stakeholder theory is concerned with why some stakeholder claims are attended to. Dialectic process theory views organizational change and development as the result of contradictory values competing for domination. The approach is illustrated through empirical data from a Government-to-Government (G2G) project in Norway, focusing on information technology related collaboration between two regional clusters of municipalities. The analytical approach proved useful for identifying how contradictory stakeholder interests represented barriers for realizing the objectives of this project. We argue that combining*

---

[1] A previous version of this article was presented at the 39th Hawaii International Conference on System Sciences (HICSS), Kauai, Hawaii, US, January 4-7, 2006.

*descriptive stakeholder theory with dialectic process theory provides a powerful analytical tool for identifying potential conflicts between stakeholders, which can prove valuable for both e-government research and practice.*

**Keywords**: *government-2-government, stakeholder theory, dialectics, municipal cooperation, case study*

## INTRODUCTION

For several years, governments throughout the world have been seeking to provide electronic access to government services. Key reasons for this public sector reform have been to increase the efficiency of government operations, strengthen democracy, enhance transparency, and provide better and more versatile services to citizens and businesses (Coe et al., 2001; Ho, 2002; Watson and Mundy, 2001). At the same time, a growing number of studies indicate that many of these goals have not yet been realized, at least not to the extent expected (Hoegler and Schuster, 2002; Reddick, 2004). For example, a survey of local e-government initiatives in Norway found these to be primarily driven by the administrations, without much of the announced civic participation (Flak et al., 2005). In general, these services were far less sophisticated than what could be expected.

Several issues may help explain the relatively slow process of implementing e-government services. First, the lack of standards acts as a barrier for e-government initiatives. This includes lack of national and international interoperability standards (Missier et al., 2003), accessibility standards (Potter, 2002), security standards (Hof, 2002), and standards for online

digital services (Kaylor et al., 2001). Second, developing system requirements that will be valid for the majority of citizens may be difficult (Lenk, 2002; Wimmer and Holler, 2003). Thus, service recipient complexity constitutes an important issue for e-government development. Third, the public sector is characterized as particularly complex, involving a variety of stakeholders with different and often conflicting objectives (Boyne, 2002; Bretschneider, 1990; Hood, 1991). Initiatives for reforming this sector include horizontal and vertical integration of government entities (Jaeger, 2002; Layne and Lee, 2001) and re-organization and re-design of work and business processes (Burn and Robins, 2003). Such reform initiatives are thus subject to considerable challenges related to revealing and addressing the various stakeholders in an appropriate manner.

In this article we focus on one characteristic of the public sector, i.e., the complexity of different and often conflicting stakeholder objectives (Boyne, 2002; Bretschneider, 1990; Hood, 1991). Stakeholder conflicts certainly represent managerial challenges in terms of re-organizing government entities and re-designing government processes. We also argue that addressing stakeholder diversity has relevance in terms of establishing different standards, e.g., for interoperability, security and accessibility, and also in terms of developing user requirements since these can be seen as social processes involving heterogeneous entities. We therefore consider it important to investigate how stakeholder diversity can be addressed.

Given the weak theoretical underpinnings of the e-government field (Grönlund, 2004), this study suggests a theoretical approach to analyzing contradictory stakeholder objectives. The usefulness of the proposed approach is then illustrated through a qualitative case study. We report from a study of a Norwegian government-to-government (G2G) project, where a network of five municipalities together investigated the potential for inter-municipal

cooperation related to information and communications technology (ICT) infrastructure and service provision. During the course of the project, another network of six neighboring municipalities was invited to join the project. Despite potential benefits from combining these two municipal networks, such as increased competence, efficiency and improved service quality, the project manager did not succeed in gaining acceptance for this initiative. Based on a combination of stakeholder theory (ST) and dialectic process theory, we analyze how significant contradictions between involved stakeholders at various levels may represent barriers for this type of e-government initiative. The study further demonstrates how an explicit focus on contradictory stakeholder interests can result in a pertinent identification and grouping of stakeholders. Finally, the approach proved useful in understanding why some stakeholder interests prevailed at the expense of other interests.

The following section presents the theoretical basis for the study, i.e., stakeholder theory and dialectic process theory. Then we present the research methodology and case description, followed by analysis and discussion of the stakeholder contradictions identified in the case. The final section presents conclusions and implications.


## THEORETICAL BACKGROUND

The e-government field has been criticized for its weak theoretical foundation (Grönlund, 2004). Although Heeks (2001) warns of the dangers of applying theories and methods developed to fit private industry directly to other contexts, the e-government field currently needs to expand the base of suitable theories in order to explain and understand the current situation (Grönlund, 2004; Grönlund, 2005). This expansion can be achieved in two ways. Either the field can develop theories from the growing base of e-government case descriptions,

3

or acknowledged theories from other disciplines can be adapted and adjusted to fit the characteristics of e-government. Following the latter approach, we apply stakeholder theory as our main theoretical basis in this study. Originally a management theory, stakeholder theory has been discussed and applied repeatedly within the e-government domain and is suggested as particularly promising as an instrument for understanding complex settings (Flak and Rose, 2005; Scholl, 2001; Scholl 2004). Since stakeholder theory offers a good basis for analyzing the problems discussed in this paper, we decided to build on existing work rather than developing an entirely new theoretical frame. The decision was motivated by a concern that the e-government field is evolving as a series of one-shot case studies and product descriptions (Grönlund and Andersson, 2006) without much cumulative work (Flak et al., 2007). We supplement stakeholder theory with dialectic process theory in order to improve the analytical potential of stakeholder theory.

**Stakeholder Theory**

Although the stakeholder concept can be traced back to the 1930s, ST development was heavily boosted by the work of Freeman (1984). The purpose of his work was to outline an alternative way of strategic management as a response to increased competitiveness, globalization, and the increased complexity of business operations (Freeman, 1984). This is done by acknowledging that organizations have stakeholders and that relations with these stakeholders need to be actively managed to ensure profitability and sustainability.

ST can be seen as a composition of three interrelated and mutually supportive elements: normative assumptions, descriptive aspects, and instrumental aspects (Donaldson and Preston, 1995). In brief, the normative assumptions state that every organization has a variety of

4

stakeholders and that organizations have moral and ethical duties to know and respect the interests of their stakeholders. A review of the normative strand of ST suggests three categories of stakeholder involvement: moderate, i.e., treating stakeholders with respect; intermediate, i.e., incorporating some stakeholder interests in the governance of the corporations; and demanding, i.e., participation for all stakeholders in corporate decision processes (Hendry, 2001).

The descriptive elements of ST are concerned with how to represent and describe organizations and organizational behavior. Key aspects of descriptive ST involve definition of stakeholders as well as tools to identify them (e.g., stakeholder analysis) and concepts that represent stakeholder salience towards managers. Salience refers to the question of why some stakeholder claims are attended to while others are not. According to Mitchell et al. (1997), salience is composed of the attributes of *power*, *legitimacy,* and *urgency*. Figure 1 presents a stakeholder typology comprising eight different combinations of these attributes (Mitchell et al., 1997).


<< Insert Figure 1 about here >>


Stakeholders possessing all three attributes are more salient towards managers than stakeholders who only possess one or two of the attributes and are thus termed definitive stakeholders in the typology. A definitive stakeholder would very likely be given attention not only because this person or group would represent a legitimate claim, but the person or group would also be likely to exercise power because of a sense of urgency. For example, it is possible to imagine that a politician could be more interested in exercising his or her legitimate

powers to influence political decisions shortly before an election because of an increased sense of urgency (to be re-elected). Both stakeholders and salience represent dynamic phenomena, which should be analyzed regularly.

Another element of descriptive ST is a number of visual models or stakeholder maps. Such maps can be presented in various ways: networked or firm centric, and general or context specific. The models are generally used to enhance perception of complex operational environments and to depict the forces that influence organizations. The classic way of modelling stakeholders is by presenting a focal organization or project at the centre of a nexus of stakeholders (e.g., Blair and Whitehead, 1988; Donaldson and Preston, 1995). This emphasizes the relationships between the focal organization and its stakeholders. Relationships between various stakeholders have received less attention.

According to Donaldson and Preston (1995), the instrumental aspects of stakeholder theory primarily refer to efforts investigating the effectiveness of ST. Within this stream of ST, researchers study the actual impact of practical stakeholder management on traditional corporate objectives. Here, stakeholder management refers to an alternative approach to strategic management based on the normative and descriptive elements of stakeholder theory.

ST has spread to different disciplines like information systems (Pouloudi and Whitley, 1997; Vidgen, 1997) and health care management (Blair and Whitehead, 1988). Although not a leading theory in either of these two examples, ST offers ways to combine ethical issues with complex operational environments and to combine detail with overview. Several have also suggested ST as a useful theory for the e-government domain (Flak and Rose, 2005; Scholl, 2001). Apart from the original profit focus, no serious conceptual mismatch has been identified between ST and a government's objective of providing policy and services for citizens and

organizations – society's stakeholders (Flak and Rose, 2005; Scholl, 2001). Flak and Rose (2005) conclude that an adapted version of ST can provide a promising theoretical contribution to the e-government field in terms of adding descriptive theory to a theory-less field and assisting the development of prescriptive guidelines to an applied field. For example, Scholl (2004) reports the usefulness of applying elements of ST for investigating IT-driven change projects in public sector.

**Dialectic Process Theory**

Based on the characterization of the public sector as involving a variety of stakeholders with different and often conflicting objectives (Boyne, 2002; Bretschneider, 1990; Hood, 1991), we adopt a dialectic process theory perspective on the mechanisms that generate change within e-government development. This is based on the descriptive elements of ST, related to alignment of interests and salience. Van de Ven and Poole (1995) summarize meta-theoretical frameworks on organizational development and change, including dialectic process theory. The dialectic perspective on organizational change and development emphasizes "a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control" (Van de Ven and Poole, 1995, p. 517).

The dialectic perspective views change as the result of contradictory values competing for domination. The key element in the dialectic analysis of development is explicit thinking in terms of contradictions (Mathiassen and Nielsen, 1989). A contradiction takes place between two opposite aspects, thesis and antithesis (Figure 2). Contradictions are intrinsically related. One aspect of a contradiction, e.g., the thesis, cannot be fully understood without considering the other aspect, the antithesis (Mathiassen and Nielsen, 1989).

<< Insert Figure 2 about here >>

In dialectic process theory, stability and change are explained by reference to the balance of power between the opposing entities. Change occurs when these opposing values, forces, or events gain sufficient power to confront and engage the status quo. The resolution of the contradiction becomes a synthesis, and such a synthesis can be a novel construction. This synthesis, in turn, becomes a new thesis as the dialectic process continues. However, a contradiction does not necessarily result in a synthesis. An observed contradiction may continue in the organization(s), maintaining the pluralist or conflicting status quo, or it may result in survival of the thesis or antithesis alone (Van de Ven and Poole, 1995).

As pointed out by Van de Ven and Poole (1995), the opposing entities forming a contradiction may be internal to the organization, such as conflicting goals or interest groups. An example of two stakeholder groups with contradictory goals could be a production unit's product focus versus management's process focus. Contradictions may also involve external entities as the organization may pursue directions that collide with the directions of other organizations. Contradictions between organizational entities typically surface in negotiations, and may escalate into conflicts. Due to the diversity of the many heterogeneous stakeholders in G2G efforts, contradictions both between and within organizational entities can be expected. We therefore argue that an explicit focus on dialectics is useful in a G2G stakeholder analysis.

**RESEARCH METHODOLOGY**

We used a qualitative research approach (Miles and Huberman, 1994), to be able to gain an in-depth understanding of the conflicting stakeholder perspectives and their influence on the e-government project. The principal data collection method was in-depth interviews with key stakeholders, conducted during September 2004. The interview data were supplemented with field observations and document studies. The overall data collection took place over a six-month period and also included several discussions with the project manager.

The interviews were carried out by one of the researchers and consisted of 17 semi-structured interviews with key stakeholders representing different units within each of the five municipalities. The selection of units within the municipalities was done in collaboration with the project group, representing all the involved municipalities. The project group outlined social welfare, archives, and service centers as having particularly high potential for ICT collaboration. These three units were consequently chosen for more in-depth study. Representatives from social welfare and archives were interviewed in all five municipalities, but we were unable to arrange interviews with service center representatives from two of the municipalities. In these two cases, the project group members from these municipalities communicated on behalf of the service centers. Within the units, the informant selection strategy was variation, to cover as many perspectives as possible (Miles and Huberman, 1994). Consequently, both managers and case handlers were interviewed. The managers slightly outnumbered the case handlers in our sample.

Table 1 provides an overview of the respondents. The respondents were specifically encouraged to speak freely about issues that would promote or inhibit inter-municipal

cooperation. Interviews typically lasted approximately one hour, and were recorded and transcribed.

<< Insert Table 1 about here >>

The first author had status as an observer in project group meetings and workshops throughout the project. As the project commenced, a neighboring cluster of municipalities became an important actor. This second cluster attended several project group meetings. The observations made during such meetings raised our awareness of tensions and possible contradictions between the two clusters.

The document analysis included all project documents and policy documents from relevant central government agencies that were considered to have potential impact on the project. Policy documents included the national e-government action plan and press announcements from the Ministries. These documents and statements were included in the data material when the researchers considered these to form the basis for discussions among project participants, thus affecting decision making in the group. Hence, no effort was made to identify all potentially relevant policy documents, and it is possible that a more structured identification of relevant policy documents could have led us to uncover issues in addition to those mentioned in this article.

Several iterations of data analysis were conducted, based on the theoretical foundation of the study (the e-government literature and stakeholder theory). The first round of analysis was carried out to identify relevant stakeholders and their actual interests in the project. This first analysis was primarily done by the first author, but the results were discussed between the

first and the second author and somewhat adjusted based on the outcome of the discussion. The first round of analysis proved useful to get a rich understanding of the relevant stakeholders involved in the case. However, the stakeholder analysis did not serve to explicitly identify conflicts or contradictions between the stakeholders. The theoretical basis was then augmented by adding dialectics to the analysis, mainly as a "sensitizing concept" (Patton, 1990). A new iteration of data analysis then focused explicitly on contradictions between the previously identified interests. At this point, the first and second author discussed each stakeholder interest in order to identify whether the particular interest had an opposing counterpart among the other interests. Adding dialectics to the theoretical basis helped to clarify the issues identified in the previous data analysis. The research methodology was thus characterized by iterations between theory and data, following a hermeneutical circle until the parts of data were consistent with the theoretical whole (Klein and Myers, 1999).

**CASE DESCRIPTION**

Norway is divided into 431 local municipalities, organized within 19 counties. The municipalities are governed by a body of elected politicians (the council) and an administration of bureaucrats. The administration consists of a number of municipal offices, e.g., Health care, School, Social Security, and Technical. These offices have responsibility for the day–to–day operation of the municipality. The municipalities are funded by local taxes and state funding. However, state funding is decreasing, forcing more efficient operations of the municipalities. Much in response to this, municipal cooperation is rapidly gaining popularity throughout Norway as a means of increasing efficiency while maintaining local presence.

In June 2003, a regional council representing five local governments in southern Norway (referred to as Co-Op 1) decided to initiate a project to elucidate the foundation for, and specific contents of, collaboration on ICT operations in the region. The effort continued in a project established in December 2003 with the objective of establishing a common plan for ICT collaboration to implement concrete and prioritized inter-municipal actions. The project received financial support from the County Governor and the county administration. The County Governor represents the central government and is responsible for overseeing that central government policy is implemented in regional and local governments. The county administration, on the other hand, is responsible for implementing the policies made by the County politicians. The participating municipalities also invested a considerable number of man-hours in the project. An external project manager was hired to ensure professional project conduct and a fresh perspective on the potential for cooperation in the region. A project group consisting of the IT managers in each of the five participating municipalities was established, together with a steering committee consisting of the Chief Administration Officers from each municipality. The latter is referred to in this paper as the Co-Op 1 Council.

Early in the project, the attention of the project group was directed at Co-Op 2, a neighboring cluster of six additional municipalities. Co-Op 2, consisting mainly of small inland municipalities, was established several years earlier to ensure broadband development in rural areas where commercial interests were limited. By June 2003, Co-Op 2 had successfully implemented broadband access for its members and had various cooperation projects going, mainly on IT infrastructure. The Co-Op 1 Council perceived Co-Op 2 as a valuable partner. Co-Op 1 wanted access to the common infrastructure established by Co-Op 2 and felt that they could boost Co-Op 2 with fresh funding and clear visions for the future. Hence Co-Op 2 was

invited to join the Co-Op 1 project. The promise of additional funding from the County Governor also motivated Co-Op 1 to invite Co-Op 2 to join the project.

The project commenced as a series of meetings and workshops, some involving merely the project group, and others involving external stakeholders such as mayors and Chief Administration Officers. In addition, a feasibility study of the potential for cooperation among a variety of stakeholders in the Co-Op 1 municipalities was carried out during September 2004. The feasibility study revealed that the climate for cooperation was generally good among the service producing units in the Co-Op 1 region (the primary target for the study). Several formal and informal cooperative activities were already initiated and there was a general consensus on the need to maintain and further improve such cooperation through the use of ICT.

In October 2004, the project manager handed over a project report to the Co-Op 1 Council. The report recommended that the Co-Op 1 cooperation be expanded to include Co-Op 2 and continue as a regional effort. It also recommended the development of a common ICT infrastructure that would enable more sophisticated services. A number of potential projects were outlined to accomplish this goal. However, the project manager was unable to gain consensus for the development of a common ICT strategy for the entire region. The project group decided not to develop a common ICT strategy, seemingly because of massive resistance from two Co-Op 2 ICT managers who argued that such a plan would only serve to increase bureaucracy and inhibit the many sound grass-root initiatives in the region. In the next section, we analyze and discuss the perspectives involved in this stakeholder conflict, based on our combination of stakeholder and dialectic analysis.

**ANALYSIS AND DISCUSSION**

As the project commenced, a number of obstacles appeared. This section illustrates how a combination of stakeholder and dialectic analysis can be used to identify and analyze competing interests that have potentially damaging effects on project success. Figure 3 presents an initial map of key project stakeholders for the Co-Op project.

<< Insert Figure 3 about here >>

The majority of stakeholders presented in Figure 3 have already been introduced in the case description. Of the additional stakeholder groups present in Figure 3, *system vendors* and *municipal politicians* require a short presentation. System vendors refer to organizations that supply the municipalities with information systems. Depending on the outcomes of the project, there was a possibility that the entire region would decide to standardize on particular technology platforms. Such an outcome would favor some vendors while at the same time cut off other vendors. The project group therefore considered the system vendors to have an interest in the project. However, no system vendor interfered to protect their interest during the course of the project. Municipal politicians were included as a key stakeholder group in Figure 3 because the project group considered any project with the potential to increase efficiency and possible future staff reduction or re-location as politically controversial. However, no politician interfered during the course of the project.

Following an analysis of the data from a stakeholder perspective, a dialectic analysis of the data was performed as a series of discussions between two of the researchers. The purpose was to identify examples of contradictory interests between different stakeholder groups and

how these contradictions affected the project. The analysis quickly revealed two distinct contradictions that proved important to the project outcome. As the purpose of the study was to illustrate the usefulness of the analytical approach, no further analyses were conducted. It is however likely that a deeper analysis of the case would have uncovered more contradictions. Table 2 presents the identified contradictions and illustrates the position of the involved stakeholders.

<< Insert Table 2 about here >>

One of the contradictions occurred in two ways. One was between agencies at the same government level, thus representing a horizontal challenge. The other was between agencies at the same government level but with different hierarchical positions within the agency, thus representing a vertical challenge.

The dialectic analysis caused a revision of the initial stakeholder map (see Figure 3) by expanding the category for "National and international policy makers" into two new categories: "The Ministry of Local Government and Regional Development" and "The Ministry of Modernisation." The emerging understanding that stakeholders within the original category seemingly had contradictory interests (see Table 2, Contradiction 1H) led to this revision. Figure 4 shows the revised stakeholder map with the identified contradictions.

<< Insert Figure 4 about here >>

Although the dialectic analysis provided interesting results in itself, a further analysis investigated potential causes of why (or why not) thesis and antithesis evolved into a synthesis. Stakeholder theory suggests that stakeholder salience is comprised of the combination of the attributes power, legitimacy, and urgency (Figure 1). Hence, we analyzed the combination of these attributes for the different stakeholder groups involved in each of the three contradictions. For each contradiction, we present interview excerpts that illustrate the related thesis and antithesis.

**Contradiction 1: Purpose of e-Government: Efficiency versus Effectiveness**

We found two instantiations of contradictory interests related to efficiency versus effectiveness. Interestingly, the two instantiations occurred at different government levels. One contradiction occurred between stakeholders at the municipal level whereas the other occurred at the central government level. Also, one contradiction appeared between government entities at the same organizational level whereas the other appeared between entities representing different hierarchical levels. We refer to these as horizontal and vertical challenges, with important differences in the formal position and therefore also in the relative strength of thesis and antithesis in these two instantiations.

**The Vertical Challenge**

| |
|---|
| Thesis of contradiction 1V (Efficiency): <br><br> "*We are facing ever decreasing budgets and need to increase our efficiency if we are to survive as an independent unit.*" (Deputy Chief Administration Officer, Municipality X). |
| Antithesis of contradiction 1V (Effectiveness): <br><br> "*Information technology could definitely be applied in the health sector as a means for increasing our professional competencies and consequently the quality of our services. However, we have a tight financial situation and I think it is unlikely that there will be room for initiating such projects as the benefits will be hard to quantify.*" (Middle manager in health sector, Municipality Y) |

Contradiction 1V is a "classical" contradiction between the municipal administration and the service production units. In this case, the contradictory stakeholder interests were located within the Co-Op 1 network, but represented different municipalities within the network. The municipal administration represents the thesis of efficient use of resources. With ever decreasing budgets, the administration is forced to maintain a strong focus on cost efficiency. As a consequence, projects that are likely to reduce costs are often preferred over projects that will provide better service towards citizens. The service production units (represented by a health care agency) advocate the antithesis of government effectiveness through high quality municipal services. Their principal objective is to produce high quality services to the local community.

This contradiction can be described as latent, with no open conflicts. However, as specific projects are initiated this contradiction may surface and decision makers may be forced to balance efficiency concerns possibly at the expense of quality of service towards end users.

There has been no development in this contradiction during the study, and therefore no synthesis has emerged. Still, it represents a considerable headache for managers and employees responsible for producing end user service as illustrated by the quote from the health care manager above. It is therefore considered worthwhile to dwell on why the issue is not brought more into the open and what might change this situation.

An analysis of the salience attributes (power, legitimacy, urgency) can be applied to illustrate the dynamics of the contradiction between the thesis (Efficiency) and the antithesis (Effectiveness). The municipal administration's desire of increasing efficiency is motivated by a need for running the municipality within budget. There is a current need to reduce costs in order to be able to maintain the current service level. This satisfies the *urgency* attribute (c.f. Fig 1). The administration also possesses *power* and *legitimacy* as the purpose of the stakeholder group is to run the municipality according to budget.

The municipal service producers are responsible for asserting that the public service provided by their unit holds sufficient quality. Hence, if they think the quality of service is insufficient they have both *power* and *legitimacy* to suggest improvements. However, there is little immediate pressure on them to improve service quality and the *urgency* attribute is thus absent at the moment. This indicates that the municipal administration possesses all three salience attributes whereas the service producers only possess two out of three. This analysis thus suggests that there is a strong chance that the thesis will prevail, at least initially. However, a future change in the distribution of the salience attributes between the involved stakeholders may alter this picture. As an example, an instance of patient maltreatment with fatal consequences would cause an external pressure. Such an event would most likely trigger a

strong sense of urgency to improve treatment quality from those responsible, and the power balance between the stakeholders would shift accordingly.

Even though this contradiction is described as latent and has not resulted in open conflict, we argue that managers will benefit from being aware of possible conflict areas such as this one. Clearly, managers are currently occupied with increasing the efficiency of public agencies. However, if service quality decreases in the pursuit of efficiency gains, proponents of service quality are at some point likely to oppose and question the priorities that resulted in the decreased quality. Entire reforms may have to be reconsidered if, for example, instances of poor service quality caused by efficiency-driven reforms cause public uprisings leading to costly counter-reforms. The analytical approach presented in this article helps managers detect latent contradictions and analyze events that can change the power balance between the stakeholders. We argue that this is vital management information that can constitute the difference between success and failure of e-government reforms.

**The Horizontal Challenge**

Thesis of contradiction 1H (Efficiency):

"*Today (2004) we have 434 local governments, and I believe most people agree that this is too many. The number must be reduced considerably so that we can be sure that our local governments are able to supply the competence and the services that citizens are entitled to, while at the same time ensuring better return on investments by running the local governments as efficient as possible.*" (Erna Solberg, the then Norwegian Minister of Local Government and Regional Development).

Antithesis of contradiction 1H (Effectiveness):

"*Norway shall become the world leader in online public services.*" (Morten E. Meyer, the then Norwegian Minister of Modernization).

This instantiation of the contradiction is in nature similar to the previous example, but reflects contradictory signals from different national policymakers at the same government level. We therefore refer to this contradiction as a horizontal challenge as opposed to the previous example that reflected a vertical challenge. In this case, the thesis (efficiency) represented by the Ministry of Local Government and Regional Development is a cost-efficient organization. The ministry puts pressure on Norwegian local governments to become more cost efficient by reducing state funding. As a consequence, local governments are forced to become more efficient in their operations. This is in sharp contrast to becoming one of the leading nations in e-government which is the expressed objective from the Norwegian Ministry of Modernization. Although one aspect of e-government relates to improving internal government efficiency, e-government is far more than just that. It also involves developing a more citizen-centric mode of governance with a particular focus on transparency, improved democratic

activity, and improved and novel government service. We argue that the considerable costs associated with this development towards excellence in e-government are motivated by a desire to promote service quality and not cost efficiency. We therefore consider excellence in e-government to represent an opposite of effectiveness of government operations and thus the antithesis of efficiency in internal operations. The current focus on internal efficiency, which is also acknowledged by the Ministry of Modernization as a prerequisite for excellence in e-government, indicates that the thesis currently dominates.

When analyzing the cause of the apparent dominance of the thesis, it is apparent that both ministries possess the necessary *power* and *legitimacy* for promoting their objectives. However, as the Ministry of Modernization recognizes that an efficient organization is a prerequisite for providing efficient citizen-centric public services, the efficiency perspective seems more *urgent*. Thus, the stakeholder group promoting the thesis (Efficiency) possesses all salience attributes whereas the stakeholder group representing the antithesis only possesses two of the three salience attributes. The Ministry of Local Governments and Regional Development, which promotes the thesis, may be considered a *definitive stakeholder* (Mitchell et al., 1997), explaining why the thesis apparently prevails at the moment.

**Contradiction 2: Top-down Versus Bottom-up Approach to ICT Development**

| |
|---|
| Thesis of contradiction 2 (Top-down approach): <br><br> ”*A joint, say 5 year, IT strategy for the region would be a way of ensuring that everyone is pulling in the same direction and would increase the likelihood of sustainability and efficiency in a longer perspective.*” (Project manager, representing the Co-Op 1 Council). |
| Antithesis of contradiction 2 (Bottom-up approach): <br><br> “*Be aware that Co-Op 2 is very proud of its accomplishments. We have a history of initiating good projects as they appear, mainly from grass-root initiatives. This has been a successful approach for us and there will be massive resistance in Co-Op 2 for introducing bureaucratic/academic methods such as e.g. strategic plans.*” (IT manager in Co-Op 2 municipality). |

Regional politics is at the heart of contradiction 2. The thesis is represented by the Chief Administration Officers constituting the regional council of Co-Op 1. The objective of the council is to apply a top-down approach to deploy ICT strategically over time, through a regional ICT strategy. By developing and adhering to a strategic ICT plan, the region will develop gradually and will be able to utilize a common ICT infrastructure for more sophisticated services like joint service delivery or specialization internally in the region.

The Co-Op 2 network represents the antithesis. Co-Op 2 already had an established common ICT infrastructure and perceived themselves as a driving force in the region. Their antithesis is to continue the existing partnership, accomplishing projects in an ad hoc and bottom-up fashion. According to Co-Op 2, sustainable initiatives need to be initiated from the grass-root level of the organization. This view rests on the assumption that the grass-root knows the practical challenges of running the organization and thus is best qualified to suggest

improvements. Grass-root initiatives are presented to the Co-Op 2 steering committee and if acknowledged as good projects, these are initiated immediately without any bureaucratic interference. The contradiction has involved conflicts and, despite a decision to continue the cooperation between the two regional networks, there is no indication of any synthesis.

The project was initiated and is owned by the Co-Op 1 network. Hence, this stakeholder group considered their desire for taking a top-down approach to the project as *legitimate*. On the other hand, the stakeholder group representing the bottom-up approach considered this equally *legitimate* as they were invited as partners into the project and already had more experience in collaboration projects. Regarding themselves as a driving force in the region, they considered their group as the natural leader of projects in the region. Although both groups were considered equal partners in the project, the Co-Op 2 network in practice possessed more of the power attribute than Co-Op 1. Several factors contributed to making Co-Op 2 more powerful than Co-Op 1. The existing common infrastructure available to Co-Op 2 members was considered a valuable resource by Co-Op 1. This control of a valuable resource put Co-Op 2 in a powerful bargaining position. Also, Co-Op 2 constituted a larger network than Co-Op 1 with 6 versus 5 local governments. Here, two of the municipalities of Co-Op 1 were also a part of Co-Op 2 (see Table 1). This outnumbering of member organizations added to the relative power of Co-Op 2 over Co-Op 1. Finally and also contributing to the power base of Co-Op 2, this network's history of running regional projects had established Co-Op 2 as an important regional player that could not be by-passed or outmaneuvered easily. Deciding on a top-down or bottom-up approach for the project was equally *urgent* for both stakeholder groups, with consequences for the future development of the region. The stakeholder groups representing thesis and antithesis therefore both possessed all three salience attributes.

However, Co-Op 2 had a stronger power base in the region than Co-Op 1 and thus more of the power attribute and consequently this led to a prevailing antithesis.

## CONCLUSION AND IMPLICATIONS

This article demonstrated the usefulness of combining ST and dialectics into a new analytical approach in order to surface conflicts between different stakeholder groups. Our analysis emphasized contradictions between and within stakeholder groups, thus complementing the emphasis on relationships between the focal organization and its stakeholders. Using dialectics as part of the data analysis, we found that contradictory stakeholder objectives can represent an important barrier for realizing potential benefits from e-government initiatives. Thus, we argue that combining ST with dialectics represents a powerful method for investigating and analyzing the impact of stakeholder diversity in e-government settings.

Our study provides several implications for research and practice. First, our analysis illustrates how the dominant practice of modeling a focal organization at the center of a nexus of stakeholders is insufficient for mapping potential conflicts *between* stakeholders. Hence, we argue that future research on stakeholder dynamics should extend its focus to also include relationships between stakeholders. Further research could also focus on extending our suggested approach with methods for determining the severity and likelihood of occurrence of identified potential conflicts, as a basis for developing and prioritizing further actions.

While the primary objective of this study has been to suggest and illustrate a theoretically sound approach to analyzing contradictory stakeholder interests in e-government efforts, the results from the study also provide useful insights into part of the e-government research focusing on horizontal and vertical integration. Layne and Lee (2001) suggested that

as e-government efforts mature and start focusing on horizontal and vertical integration, a number of organizational and managerial challenges are likely to emerge. Recent research (Flak, 2006) indicates that many e-government efforts are currently occupied with such integration efforts and, as predicted by Layne and Lee (2001), faced with considerable organizational challenges. The analysis provided in this article presents examples of contradictory stakeholder interests between agencies, both horizontally and vertically. Further analysis of competing interests across agency boundaries may well provide useful insights into the challenges related to horizontal and vertical integration and should be considered as an avenue for further research.

On a practical level, we suggest that a revised version of the analytical approach shown in this article can be a valuable instrument for e-government project managers. The diversity of stakeholder interests and agendas in e-government initiatives poses considerable challenges to project managers. Although stakeholder analysis is being applied to e-government projects to some extent, the more explicit focus on contradictions can assist managers in identifying potential conflicts between project stakeholders at early project stages. Insights on potential stakeholder conflicts can then be used for devising and implementing communication strategies to prevent contradictory stakeholder interests evolving into damaging conflicts. As an example, in an action case study carried out to further investigate the practical potential of the analytical approach proposed in this article, we found that the analytical approach was considered useful by project management for identifying shared interests and objectives and for uncovering potential conflicts in an early stage of the project (Flak and Nordheim, 2006).

## REFERENCES

Blair, D.L., and Whitehead, C.J. "Too Many on the Seesaw. Stakeholder Diagnosis and Management for Hospitals," *Hospital and Health Administration* (33:2), 1988, pp. 153-166.

Boyne, G.A. "Public and Private Management: What's the Difference," *Journal of Management Studies* (39:1), 2002, pp. 97-122.

Bretschneider, S. "Management-Information-Systems in Public and Private Organizations - an Empirical-Test," *Public Administration Review* (50:5), 1990, pp. 536-545.

Burn, J., and Robins, G. "Moving Towards E-government: A Case Study of Organisational Change Processes," *Logistics Information Management* (16:1), 2003, pp. 25-35.

Coe, A., Paquet, G., and Roy, J. "E-governance and Smart Communities - A Social Learning Challenge," *Social Science Computer Review* (19:1), 2001, pp. 80-93.

Donaldson, T., and Preston, L.E. "The Stakeholder Theory of the Corporation - Concepts, Evidence, and Implications," *Academy of Management Review* (20:1), 1995, pp. 65-91.

Flak, L.S. "The State of G2G Development: Maturity Levels and Current Challenges," *Proceedings of the 12th Americas Conference on Information Systems*, Acapulco, Mexico, 2006.

Flak, L.S., and Nordheim, S. "Developing Commitment for Horizontal G2G Integration: A Stakeholder Governance Approach," *Proceedings of the 6th European Conference on e-Government*, Marburg, Germany, 2006.

Flak, L.S., Olsen, D.H. and Wolcott, P., "Local Government in Norway: Current Status and Emerging Issues," *Scandinavian Journal of Information Systems, Special Issue on e-government* (17:2), 2005, pp. 41-84.

Flak, L.S., and Rose, J. "Stakeholder Governance: Adapting Stakeholder Theory to the e-Government Field," *Communications of the Association for Information Systems* (16), 2005, 642-664.

Flak, L.S., Sein, M.K., and Sæbø, Ø. "Towards a Cumulative Tradition in eGovernment Research: Going beyond the Gs and Cs," *Proceedings of the Sixth International EGOV Conference,* Regensburg, Germany, September 3-7 2007.

Freeman, R.E. *Strategic Management: A Stakeholder Approach*. Boston, Pitman, 1984.

Gronlund, A. "State of the Art in e-Gov Research - A Survey," *Proceedings of the Third International Conference on Electronic Government,* Zaragoza, Spain, 2004.

Grönlund, Å. "What's In a Field - Exploring the eGovernment Domain," *Proceedings of the 38th Hawaii International Conference on System Sciences*, Hawaii, USA, 2005.

Grönlund, Å., and Anderson, A. "E-GOV Research Quality Improvements Since 2003: More Rigor but Research (Perhaps) Redefined," *Proceedings of the Fifth International EGOV Conference*, Krakow, Poland, September 4-8, 2006.

Heeks, R. "Explaining Success and Failure of e-Government," *Proceedings of the European Conference of E-Government*, Dublin, Ireland, 2001, pp. 163-174.

Hendry, J. "Missing the Target: Normative Stakeholder Theory and the Corporate Governance Debate," *Business Ethics Quarterly* (11:1), 2001, pp. 159-176.

Ho, A.T.K. "Reinventing Local Governments and the E-government Initiative," *Public Administration Review* (62:4), 2002, pp. 434-444.

Hoegler, T., and Schuster, T. "Quo Vadis e-Government? - A Trap Between Unsuitable Technologies and Deployment Strategies," *Proceedings of First International Conference on Electronic Government*, Aix en Provence, France, September 2-6, 2002, pp. 403-406.

Hof, S. "Arguments For a Holistic and Open Approach to Secure e-Government," *Proceedings of First International Conference on Electronic Government*, Aix en Provence, France, September 2-6, 2002, pp. 464-467.

Hood, C. "A Public Management for All Seasons," *Public Administration* (69:1), 1991, pp. 3-19.

Jaeger, P.T. "Constitutional Principles and e-Government: An Opinion about Possible Effects of Federalism and the Separation of Powers on e-Government Policies," *Government Information Quarterly* (19:4), 2002, pp. 357-368.

Kaylor, C., Deshazo, R., and Van Eck, D. "Gauging e-Government: A Report on Implementing Services Among American Cities," *Government Information Quarterly* (18:4), 2001, pp. 293-307.

Klein, H.K., and Myers, M.D. "A Set of Principles for Conducting and Evaluating Interpretive Field Studies in Information Systems," *MIS Quarterly* (23:1), 1999, pp. 67-94.

Layne, K., and Lee, J.W. "Developing Fully Functional e-Government: A Four Stage Model," *Government Information Quarterly* (18:2), 2001, pp. 122-136.

Lenk, K. "Electronic Service Delivery - A Driver of Public Sector Modernisation," *Information Policy* 7 (2:3), 2002, pp. 87-96.

Mathiassen, L., and Nielsen, P.A. "Soft Systems and Hard Contradictions - Approaching the Reality of Informations Systems in Organizations," *Journal of Applied Systems Analysis* (16), 1989, pp. 75-88.

Miles, M.B., and Huberman, A.M. *Qualitative Data Analysis: An Expanded Sourcebook*. Thousand Oaks, California, Sage, 1994.

Missier, P., Lalk, G., Verykios, V., Grillo, F., Lorusso, T., and Angeletti, P. "Improving Data Quality in Practice: A Case Study in the Italian Public Administration," *Distributed and Parallel Databases* (13:2), 2003, pp. 135-160.

Mitchell, R.K., Agle, B.R., and Wood, D.J. "Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts," *Academy of Management Review* (22:4), 1997, pp. 853-886.

Patton, M.Q. *Qualitative Evaluation and Research Methods*. Sage, Newbury Park, California, 1990.

Potter, A. "Accessibility of Alabama Government Web Sites," *Journal of Government Information* (29:5), 2002, pp. 303-317.

Pouloudi, A., and Whitley, E.A. "Stakeholder Identification in Inter-organizational Systems: Gaining Insights for Drug Use Management Systems," *European Journal of Information Systems* (6:1), 1997, pp. 1-14.

Reddick, C.G. "A Two-Stage Model of e-Government Growth: Theories and Empirical Evidence for U.S. Cities," *Government Information Quarterly* (21), 2004, pp. 51-64.

Scholl, H.J. "Applying Stakeholder Theory to e-Government: Benefits and Limits," *Proceedings of the 1st IFIP Conference on E-Commerce, E-Business, and E-Government (I3E 2001)*, October 3-5, 2001, Zurich, Switzerland.

Scholl, H.J. "Involving Salient Stakeholders: Beyond the Technocratic View on Change," *Action Research* (2:3), 2004, pp. 281-308.

Van De Ven, A.H., and Poole, M.S. "Explaining Development and Change in Organizations," *Academy of Management Review* (20:3), 1995, pp. 510-540.

Vidgen, R. "Stakeholders, Soft Systems and Technology: Separation and Mediation in the Analysis of Information System Requirements," *Information Systems Journal* (7:1), 1997, 21-46.

Watson, R.T., and Mundy, B. "A Strategic Perspective of Electronic Democracy," *Communications of the ACM* (44:1), 2001, p. 27.

Wimmer, M.A., and Holler, U. "Applying a Holistic Approach to Develop User-Friendly, Customer-Oriented e-Government Portal Interfaces," in *Universal Access: Theoretical Perspectives, Practice, and Experience* (Carbonell N and Stephanidis C, Eds), 2003, 2615: pp. 167-178, Springer Berlin.