

STAKEHOLDERS, THE DETERMINANT FACTORS IN DEVELOPMENT AND OPERATIONALIZATION OF E-GOVERNANCE IN ROMANIA

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Abstract: *Worldwide, the trend of the last twenty years has been globalization and intense development of social systems. In this context, the national states are put in a completely new position in which institutions and administrative systems should be flexible to accommodate these changes. In the new coordinates of the geopolitical framework, central and local governments are the defining factors in the economic competitiveness of a country or economic region. For Romania, in these circumstances, the combination of changes in government acquires new dimensions. Thus, public entities must respond to new changes in the world economy, but equally to the new requirements of integration into EU structures. Public administration reform involves changes in the substance of its major components, both at the central government and the local government and public services in general. Furthermore, the development of democracy requires the establishment of a new relationship between citizens and administration, namely growth and strengthening the role of local government and partnership with civil society and local officials. Basically, the mere process of public administration reform is no longer justified in the context of the current marketing environment; orientation option from outside to inside the organization has become a condition "sine qua non" for public institutions. With the development of information society, the introduction of information and communication technology raises new challenges for public administration efficiency while providing the opportunity and the coordinates for developing activities closer to the citizen; in this context, increasing administrative capacity improves the ability for Romania to defend its interests at European and international level. An important dimension of the strategic approach is the e-Government which states, increasingly more, as a major feature of the new information and knowledge-based society. Ensuring transparency of activities, measures in reducing or even eliminating bureaucracy, improving the quality of public services are unequivocally defining elements, at least in principle, for the need for e-government platforms in Romania. Based on numerous attempts in building principles of public governance in Romania this paper attempts theoretically and practically to identify the influence of different categories of stakeholders in the process of rethinking the public system. Were analyzed both the system coordinates of the relationship between public system and stakeholders, in the context of large-scale promotion of information and communication technology, and benefits from rethinking their alignment with EU policy context.*

Key words: *e-government, e-administration, stakeholders, smart cities, citizens, reform.*

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1. Introduction

Since 1990, the creation of a modern and efficient public administration was considered a priority for the Government of Romania. However, its efforts to mobilize resources needed to create and develop a legal framework and institutional arrangements to support the reform process has been hampered by a number of constraints, such as: severe financial constraints, lack of political will, limited experience regarding alternative administrative structures, the absence of clear regulations regarding personnel and administrative structures, etc.

The purpose of the public administration reform should be precisely to determine the nature of problems in its various fields of interest, to propose optimal solutions and describe their implementation principles. In the context of Romania's integration into the European Union, the scope of reforming public administration at both central and local level should be aimed at creating administrative architecture able to perform its functions in order to prepare the conditions of major restructuring of the public services and ensure economic, social and organizational development in a certain space.

Reorganization processes and procedures in public administration and integration and interoperability are essential to operationalize innovation within government structures, but also extremely important elements to provide superior service in terms of quality to citizens, businesses and other government institutions. A solution in this reorganization is the e-government platforms. E-government is the interaction between the government, Parliament and other public institutions, on the one hand, and citizens, on the other hand, through electronic means. Information on the bills in question, counting citizens' opinions, paying taxes by taxpayers, filing of online complaints and petitions are efficient means provided by the state for the exercise of fundamental rights by the citizens. So the direction of implementation of e-Government is top-down (from state to citizen).

The basis of the development of this concept was the need felt by the government to provide citizens and organizational and social entities quality services, providing time and place utility, creating added value for all stakeholders. Arguments supporting the process of computerization of public consist in improving public services, public confidence and overall democratization.

Regarding the operationalization of the concept of e-government in Romania, this process consisted in the creation of the governmental portal www.e-guvernare.ro. Going on the structure of the portals used in the developed countries, the mentioned website contains information on the procedures for individuals, general information, reports from governmental sources, links to websites of ministries, information on procedures for businesses, search engine for laws and statistical data.

One of the goals of the information society is to implement the concept of electronic services which aims to reform administrative act to respond quickly to the demands of citizens and government structures. Thus, in 2003 it has been founded the National Electronic System (SEN), created in base of the Law no. 161/2003 regarding the measures to ensure transparency in the exercise of public dignities, public functions and in business, and the prevention and punishment of corruption. Also, through legislation such as Government Ordinance No. 24 of 2002 and Act 291 of 2002, it has been established the obligation of all cities and towns to develop electronic payment systems for local taxes. These systems are the most effective

tools to inform people and provide “an easy”, fast and convenient solution to pay debts to local budgets.

2. Stakeholder theory - conceptual issues

The first initiatives associated to stakeholder theory are related to business ethics, and therefore they were a specific approach regarding private organizations environment. The strong economic growth since the beginning of last century has generated numerous concerns in positioning the organization as a major social institution, in support of these practical realities standing out some specialized studies offered by different authors (Berle and Means, 1993; Coase, 1973; Barnard, 1968). They were among the first to have argued that the purpose of a company is “to serve the society” and management models must provide employees this moral sense.

The study of stakeholder concept and its implications are the subject of a growing current in contemporary Romanian society. The importance of these issues was signaled by Henry Mintzberg (2004), which states that “in addition to shareholders and their interests regarding the profitability of their invested capital, other partners play an important role in the organization”. Modern organization`s vision and mission suffer in this context significant changes especially in terms of raising awareness and adaptation to the requirements of these stakeholders.

The term of stakeholder, as Freeman (1999) admitted in an article, indicates a biased perspective. Rather than defining the unit of analysis such as “interest groups” or “constituencies”, the term “stakeholder” deliberately denotes opposite vision to specific terms such as “stockholders” or “shareholders”. Consequently, proponents of the theory based on the concept of stakeholder see it as a challenge to neoclassical economic theory of the firm (Marens and Wicks, 1999).

Analyzing historical evolution of the concept, we can see that it has increased significantly in importance since the 1960s, the first contribution in this regard being the ones that point out to term presentations, its utility and its applicability in managing marketing and management activities. In a report by the Stanford Research Institute in 1963, the term stakeholder was defined as representing “those groups without whose support the organization would cease to exist” (Stewart et al, 1973).

In the 1970s, Russell Ackoff (2004) highlighted the importance of these groups of partners and the fact that they can play an important role in business activities, and propose their consideration for the general interest of the organization.

During the same period, William Dill (1975) proposed a business model that places the new concept at the basis of all activities of any organization; in his approach, the author was supported by scientists from the Wharton School, who initiated a research project on organization`s stakeholder, aiming formulation and interpretation of a strategy in a turbulent environment.

In 1983, Freeman and Reed proposed a more comprehensive definition of the concept of stakeholders: “stakeholder is any group or individual that firm depends for its survival”. The definition offered by these authors, comes and clarifies a number of obvious issues, but omitted by their predecessors - any organization, regardless of the business, has limited resources and support solution for its activity comes from the holders of interests.

Complementing the previous approach, Freeman offers in 1984 the most popular definition of the term: „stakeholders are groups or individuals who are directly or indirectly affected by an organization's objectives or that may affect the achievement of these objectives”. The definition points out the core of this concept, namely the fact that the organization has an ethical obligation to stakeholders. Basically, the relationship organization - stakeholders is mutual, organization can affect the stakeholders, and they can influence, in turn, the company.

Two lines of research have developed in the last decade and a half. One instrument called instrumental theory or theory based on social science, and the other direction is called business ethics. While both directions cover some common elements, they differ drastically on the used methods and obtained results.

The line based on social science theory sees itself as part of organizational studies, overlapping in part with agency theory, network theory and resource dependence theory. This line of research employs rigorous methodological procedures. On the other hand, the line based on business ethics involves the use of different methods and touching different purposes. The last one assumes that each actor of the company has an intrinsic value, regardless of its power or its legal status. Basically, this line of research is trying to develop the correct ethical norms linked to managerial behavior.

The analyzed concept definition starts from the conceptualization of the two correlated terms: “stake” and “interested party”. The stake term points either to “legal, moral, or default” expectations or to “the ability to affect an organization in terms of behavior, direction, process or result” (Mitchell et al, 1997). Reed (1999) defines stakes as “interests that have associated imposed regulatory requirements”.

The definitions related to the term of "interested party" are numerous, some with a narrow coverage and others with broad coverage. Considered classic and perhaps the most cited is the definition of Freeman: “interested party in an organization is represented by any group or individual who can affect or is affected by the organization's objectives.” Freeman gave the same definition in an article from 1983, the broader term of “the mission of the organization” replacing the term of “organization's objectives”. This definition was accepted, and at the same time, has been criticized by academic according to the adopted position. While the theory based on business ethics promotes a much broader definition, the theory based on social science favors the definition of limited coverage.

In the following paragraphs, we will submit an analysis of the commonly used arguments of stakeholder theory. Corporate governance paradigm states that those who invest their capital in any business and assume the risk of losing some or all their investments have the right (and obligation) to regulate their own affairs. Equity investors (owners) either manage their own affairs, or do so with the help of agents (managers). As pointed out by Etzioni (1995), understanding the rights of owners or equity investors should be a natural extension of the right to private property. However, unlimited transferability of individual property rights and corporate issues related to the management of the corporation is becoming increasingly questioned in the literature specific to different disciplines. As noted by Etzioni, the idea that “shareholders of a corporation manages the work of is largely a fiction, usually executives having greatest power”. Moreover, the idea that the owners and managers may have divergent interests led to the development of agency theory (Jones, 1995) and to discussions about corporate management. As noted by

Donaldson and Preston (1995), “corporate conventional models, taken both ways, legal and managerial, failed to discipline self-serving behaviors dictated by managers”.

Stakeholder theory attempts to describe, prescribe and identify alternatives in corporate governance, including a balance between multitudes of interests. The theory has attracted considerable attention and support in organization’s practice early in its formulation. However, as discussed above, there are at least two major branches of stakeholder theory. Jones and Wicks (1999) distinguish between the following elements or research tracks: companies / managers should behave in certain ways (normative); certain outcomes are more likely if firms / managers behave in certain ways (instrumental); companies / managers actually behave in certain ways (descriptive / empirical).

The difference between the three research tracks were highlighted in an oft-quoted article written by Donaldson and Preston: “Stakeholder Theory: concepts, evidence and implications”. Their theory focuses on the role of business manager, on how he recognizes and acts to various stakeholders and to their interests.

The origins of the theory were associated to the need to provide managers with a more balanced and more robust framework in developing strategies to reflect changes that occur inside and outside the organization. The organization, in this context, is seen as a network node that meets stakeholder discourses, which are essentially equidistant from the organization. In other words, stakeholder theory is a result of reflecting the impact of internal and external factors (other sides) on the organization (managers, employees).

However, with increasing focus on power held by managers, and the failure of leadership, it has been developed a new perspective, that of external factors, fueled mostly by the philosophy of business ethics.

More recent approaches see stakeholders as:

- “investors who made a risky investment in the company and have something to gain or lose, depending on firm behavior” (Clarkson et al, 1994).
- “groups or individuals that have moral or legal claims against a company, through its actions the company being able to grant them or not” (Langtry, 1994). In this context the focus is linked the role of ethics in business conduct, the action of one stakeholder being able to generate positive or negative effects on other stakeholders.
- “those on whom company has non-contractual unjust effects and in whom case the company would like to change these effects” or “individuals with their own values and goals with whom the company interact to achieve mutual benefit” (Slinger, 1999). This definition combines ethics and economic interests of the company.
- “those individuals or those entities that contribute voluntarily or involuntarily to the organization's activities, contributing to its capacity to create wealth, taking risks and being potential beneficiaries” (Post et al, 2002). This definition indicates the possibility of gain or loss in organization-stakeholder relationship.

Although the provided definitions (accounting for only a small fraction of those in the literature) are different in the way of enunciation, they have in common delineation of the stakeholder from the organization and emphasizing the importance they have

in the company, their influence on the organization and the of economic and moral, mutual relationship which is established between them and the organization.

Stakeholders can be classified according to the relationship they have with the organization and the influence they exert in it. Thus, according to the interaction with the organization, they fall into the following categories:

- Primary stakeholders, represented by the shareholders (partners) and investors, employees, creditors, suppliers, distributors, customers and competitors. The way in which the organization interacts with all these entities is reflected in the strategic management decisions.
- Secondary stakeholders. A second level of involvement in the society of a company is defined when other entity expresses interest or purpose in the activities carried out by it. These entities form the group of secondary stakeholders who are affected directly or indirectly by the company's two-level interaction with the socio – economic environment. The fact that they are called "secondary" does not diminish their importance, but also reveals the idea that their interest occurs as a consequence of the current activities of the organization (primary stakeholders are the very basis of the current activities of the organization). In the category we can include: local communities (domestic or foreign, if the company operates in other countries), local and central government (executive, legislative and judicial), political parties, social activists, NGOs, religious institutions, media, business support groups, trade unions, etc.

This classification, mostly common to business environment, is found in the area our interest, that of e-government in Romania. Given the promoters of this approach for e-government in Romania, namely central and local government, we can say that the primary stakeholders will be found not only as public institutions, while in case of the secondary stakeholders, the core will be the citizen.

This two-level classification model of the stakeholders of an organization provides coherence in the specific steps regarding both business market and public sector for at least the following reasons:

- in the managerial process, business organizations “share” decision-making power to all involved entities, whether the impact is primary, whether it is secondary;
- the managers of an organization must have solid knowledge and information, not only on the internal organization of the firm they manage, but also regarding political and social factors that determine the context in which they operate;
- the acceptance by society of a company and its legitimacy depend on how it considers, in its work, the entire set of stakeholders.

3. Stakeholders - prerequisite for the development of e-government platforms

Despite opposition from the supporters of stakeholder theory, it has found its place in academic discussions of specific literature of public administration and public sector practice (Tennert and Schroeder, 1999).

Donaldson and Preston (1995) completed the doubts about the value and appropriateness of such approach because they perceive theory as covering different principles and with different implications than those specific to the public sector.

However, even if the majority of public sector managers perform their duties for different purposes (eg public) compared to private sector (eg, survival of the company and making a profit), their decisions have the same ability to affect many categories of persons or groups. As in the private sector, public sector managers and government agencies they represent can be affected by others, as a consequence of their own decisions. In other words, the stakeholder theory Freeman applies can be found even in a government context.

Governments have a duty to represent the people and solve public issues. Clearly, every citizen may be affected by government actions. Accordingly, several categories of stakeholders should be taken into account during the implementation of government services. The literature highlights the following categories of stakeholders involved in governance: citizens, businesses and government, along with other institutions.

The involvement of the citizens as stakeholders in promoting governance is measured by identifying priority policies and instruments that involve decision-making process.

In general, the main instruments of government policy aimed at: identifying stakeholders interested in using these tools, creating support services through modern communication tools, increasing electronic participation through electronic voting system, promoting efficiency by using smart cards for online payments, improving relations between citizens and territorial agents, supporting the integration of people that are at a disadvantage in terms of the use of government services.

The reorganization of the processes and procedures in public administration such as integration and interoperability are essential in order to develop innovation within government structures, but also extremely important elements to provide superior service in terms of quality for citizens, businesses and other government institutions. By its uniform appearance, the emergence context of smart cities is, in fact, the development that meets the needs of stakeholders to promote civic engagement, giving citizens the opportunity to interact with government and local communities, providing viable opportunities for development (Pacesila and Coleasca, 2007).

The term of smart city refers to the ability and capacity of administrative leadership to find solutions accordingly to urban policy goals, using specific means of ICT in order to ensure prosperity and supporting local communities. This definition is a combination of the conceptualizations offered by major international competent bodies in the field - the UN, EU, OECD, World Bank, etc.

In terms of implementation, it requires integrated policy and actions between governmental institutions (eg, central administration modernization, citizen participation in community development activities). Both the literature (Graham and Marvin, 1996), and the practice of developed countries raise a subjective concept, namely that of "good governance" at the local level, which would seek to achieve 4 objectives to meet the needs of the stakeholders: advanced electronic services, strategies of reform and modernization of administrative structures, improving local democracy, strong support for local decisions and local public policies.

In general, it is considered that e-Government can be beneficial for government and society as a whole. Staying closer to stakeholders, motivating and providing other benefits to those involved in this process are important challenges in the successful implementation of e-services.

From a user perspective, as a stakeholder, modern public administration should provide four important elements: adequate provision of services to citizens, permanent reform of the central administration, improving local democracy and providing the necessary support to public policies. Thus, in practice there are the following categories of relationships between government representatives and the various categories of stakeholders (Harvey, 1989):

- governance - governance relationship aimed at: improving service quality (best value, lowest cost, most enduring), standardization of internal processes, uniform requirements between levels of government, facilitating information exchange and team initiatives, reducing departmental fragmentation, changing the culture of the civil servants, moving from reactive to the proactive dimension, accessing important information, identifying internal inconsistencies, administrative efficiency - reducing transaction costs, consideration in all undertaken actions the relation cost - effective benefits, improving quality and reducing time decision-making and improving the transparency of governance, promoting leadership - support for the knowledge economy and innovation, contribution to the reform objectives and the policy outcomes, improved controls regarding fraud and abuse within the public system , quality assurance.
- government - citizens relationship concerning: the possibility of easy and rapid access to information and public services for local people, improving the quality of customer service, the provision of services directly to citizens, and to a lesser extent through agencies or other categories of officials, ensuring a climate of trust and understanding between the government and citizens, citizens' participation in decision-making and governance, promoting stakeholder involvement and participation in local democracy and urban development.
- governance - business relationship aimed at: reducing the difficulties businesses facing by facilitating access to information, eliminating the need to present the same data multiple times to numerous agencies, consistency in the requirements regarding data to be reported, by creating effective ways to ensure interaction between government and business, initiating legislative reforms, development of flexible and competitive urban economy on the regional, national and global level, IT and flexibility training of citizens to adapt to the demands of a competitive economy.
- governance - community relationship involving: establishing rules for functional urban integration strategy in order to achieve community goals (establishing the necessary framework for collective action and stakeholder guiding mechanisms toward the desired targets), piloting urban governance (creating conditions for the development of urban partnerships) promoting good governance (transparency growth, building a climate of trust, promoting a sense of responsibility to prevent corruption, promote collaboration and cooperation), providing the necessary support for the initiation and implementation of public policies (by engaging citizens in policy and through the transparency of the process).

The achieved results have the effect of increasing public value, in order to create strong and prosperous urban communities. If we consider the key objectives pursued by smart cities - development, security, interoperable and reconfigurable electronic

government - we can say that these cities provide an interoperable platform that provides the link between government, citizens and businesses to improve services, assuring good governance and democracy in local communities. It's here, in fact, the role of local innovation through ICT use in urban areas, which allows to obtain results as expected and the building of trust between the government and society as a whole.

4. Conclusions

Following those presented in this work, we conclude that the integration of the concept of stakeholders in the public system and the development of e-government platforms - seen as a way to put it in practice - generate significant long-term benefits, such as: improving relationship between public system and citizens, reducing corruption, increasing transparency, increasing revenue, reducing costs and increasing opportunities for young people, etc.

The emergence of smart cities will facilitate the dissemination of information, improving communication and transactions between a wide range of urban stakeholders. It entails a series of interactions and consultations between government, business and citizens.

Analog electronic commerce which allows businesses to legalize efficient transactions and bring customers closer to their work and the use e-Government services can cause the interaction between government and society to become friendlier, more transparent and more profitable. On the other hand, in a democratic framework - which for many is the growing participation of citizens in larger decisions - the Internet, mobile communications and other modern technological means appear to be crucially linked to smart cities, those cities that develop strategies to promote e-government services.

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