Chapter 3

Change for Entrepreneurial Chances?
E-Government in the European Union 2020 and 2040

Ina Kayser
University of Duisburg-Essen, Germany

ABSTRACT

Electronic government provides multifarious opportunities for entrepreneurs regarding public-private sector partnerships and the exploitation of administrative benefits. The occurrence of entrepreneurial opportunities is influenced by many distinct intrinsic and external factors. This paper examines the opportunities that occur for entrepreneurs through the electronic implementation of public services across the European Union until the years 2020 and 2040, respectively. The development of the European Union is currently at the crossroads of economic and political stagnation. Building on two scenario analyses, the author thereby accounts for economic and political factors of different possible trajectories of the European Union, analyzing the corresponding state of e-government implementation and deducing implications for entrepreneurial opportunity occurrence. All scenarios show different opportunities emerging from the distinct states of e-government across Europe; these opportunities depend, nonetheless, on the specific market needs and value creation capabilities determined by each scenario presented.

INTRODUCTION

Governments and related organizations across the globe are running manifold programs bearing considerable investments to foster the implementation of innovative technologies into public services. The term e-government is used to describe this modernization of public administration, i.e., the facilitation and processing of public administration tasks by the means of information technology (Kollmann & Kayser, 2010). E-government activities are an important part of general e-business approaches that were embraced by European firms to realize cost-cutting potentials and the possibility to launch innovative products (Kollmann et al., 2009). These e-government activities do

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not only enhance administrative processes and facilitate citizen-to-government, government-to-government, and business-to-government communication, but also create new opportunities for innovative start-ups in the area of e-government. One of the first ventures following this trend was GovWorks (2000) at the beginning of this century. Despite its failure during the dot-com bubble burst, e-government is still a vital innovative field for entrepreneurship. The European Union (EU) (2009a) recently emphasized the need for a more mature and deepened relationship between the public and private sector for an improved e-government across Europe. Therefore, the EU promotes among other things the reduction of barriers for business start-ups (EU, 2009a). This emanates from two perspectives. First, the EU seeks to improve their service delivery models by integrating and engaging with private sector companies in the area of e-government. Second, the EU aims at facilitating entrepreneurial activities, especially by small and medium-sized enterprises, since the administrative burden involved in dealing with governments is anticipated to be lowered by e-government activities. With the introduction of the Small Business Act (SBA) in 2008 the EU promoted measures to reduce the time associated with setting up a company (EU, 2008). Nevertheless, some member states such as the United Kingdom failed to date to implement the SBA despite the EU efforts to launch all policy and legislation actions required (EurActiv, 2010).

The EU has currently reached a point of economic stagnation (IMF, 2010), affecting its political entities, impairing political integration. The future development is yet to be determined. On the whole, during the next 30 years, Europe will be facing a volatile world with India and China being major scientific, technological, and economic powers. The Intelligence Unit of the Economist (2006) predicts that future economic development will be affected by principal trends. This includes the arguable pace of globalization and, as a characteristic force, the future economic development of Asia (Economist Intelligence Unit, 2006). Moreover, population shifts need to be considered, along with the atomization of means of production due to globalization and networking (Economist Intelligence Unit, 2006). Production resources will become more globally distributed as the spread of technologies to developing countries will continue rapidly (Dadush & Stancil, 2010).

According to the United Nations (2010), the world population will be approximately 9.3 billion people by 2050, with an estimated fertility rate of only about one child per woman. As for Europe, population growth will be negative by 2040, with approximately 6.5 percent of the world population living in Europe, while as of 2010, 10.4 percent of the world population is settling in Europe. Further, personalization along with price and quality of a product will become an important business determinant (Economist Intelligence Unit, 2006). The mean age of the population in Europe will increase from 37.7 years in 2010 to 49.5 years by 2050 (United Nations 2010). As people grow older, the personalization of services and goods in health care is anticipated to be an important issue by 2050 (Vergados, 2010). Finally, knowledge management and its efficient realization can be a key competitive advantage in the information society (Economist Intelligence Unit, 2006). Along with the aging population and the resulting decrease of highly skilled workers as well as the distribution of production resources, knowledge management is anticipated to become a crucial success factor during the 21st century (Aiman-Smith et al., 2006).

The Foreign Policy Magazine (2010) predicts that by 2040, China’s economy will reach three times of the economic output of the entire globe in 2000. Alongside, India’s economy is predicted to overtake Japan by 2020 and the United States by 2040 (Debroy, 2004).

The EU embodies the administrative framework for entrepreneurship on the European continent. The previous remarks disclose that the European Union faces influential developmental issues, which will decisively shape the