E-Government Evaluation: An Assessment Approach Using ROI vs. ROR Matrix

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ABSTRACT

Governments are in the process of transformation from old to new public management, and now E-Government, where online services are delivered to customers using information and communication technologies. Governments that evaluate customer satisfaction using Likert scales often face the challenge of translating findings into strategic actions. This paper introduces a novel ROI vs. ROR matrix analysis, a strategic action tool, to assess customer satisfaction in using E-Filing service in Malaysia. This paper will explore the concept of Customer Relationship Management (CRM) in E-Government, especially the business benefits realisations, tangible in the form of return on investment (ROI, e.g., cost savings) and intangible in the form of return on relationship (ROR, e.g., provide prompt services and helpful responses to customer requests). The development of the ROI vs. ROR matrix is discussed and followed by a demonstration of the usefulness of this matrix to classify customer experiences into four satisfaction quadrants. The research findings are then translated into strategic actions. This research allows the government service provider to identify strategic focus areas that need attention and allocation of resources. Since the main objective of CRM in E-Government is to improve customer satisfaction, the introduction of this ROI vs ROR matrix is timely to help government service provider to learn about their needs and motivations in using E-Government services.

Keywords: Benefits, Customer Relationship Management, Customer Satisfaction, E-Government, Evaluations, Online Research Methods, Return on Investment (ROI), Return on Relationship (ROR)

INTRODUCTION

The transformation of public service delivery and uptake of E-Government services are steadily increasing worldwide, and the future growth in this sector is inevitable, given the strong demand from customers, who are becoming more empowered with information, and getting better quality of services from the private sector. This indeed increases the pressure on government to serve their customers better. Malaysia is one country which has witnessed a tremendous growth in the implementation of information communication technologies (ICTs) to create a more effective and efficient government. In 1996, an E-Government initiative under Malaysia Multimedia Super Corridor (MSC) flagship was formed to improve E-Government services by developing flexible and responsive government delivery systems.

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to satisfy customers. It was to enable the Malaysian to have an easy access to a number of government services using the internet, instead of going to the ‘bricks-and-mortar’ government offices to have their transactions processed. Thus, many government agencies started to implement E-Government services (Wong et al., 2009) with the intention to improve quality of services, reduce paper works, cut costs and improve relationships with its customers.

In the past, governments were known to be bureaucratic, cumbersome, slow and inefficient when it comes to customers’ requests. Therefore, customers become frustrated and unsatisfied and as a result of that, it costed money. Sometimes citizen’s frustrations can be turned into votes against government in general election; therefore, it is important for government to be more responsive to the overall needs of its citizens. Timonen et al. (2003) conducted an E-Government research and they found that the main motivation behind the development of E-Government should not be cost savings, but genuine objectives to create a government that is citizen focused and customer friendly, which is in tandem with Customer Relationship Management (CRM) strategies. However, with increasing importance of cost benefit evaluations, governments are starting to adopt Customer Relationship Management (CRM) philosophical approaches for better return on investment (ROI) (Kawalek et al., 2003; Chao, 2003). Traditionally, organisations want more return on investment (ROI), but the trend is moving towards relationship marketing, which places more emphasis on return on relationship (ROR). Consequently, government needs a better strategy to face these demands and challenges, and to achieve better quality of services and customer satisfaction, CRM is definitely the key.

Malaysia’s government has been slow in adopting CRM strategies and this can impede future development of E-Government services. If E-Government service is continued to be introduced, with the notion of ‘build and they will come’, in government at a faster rate, it will not work. Instead government organisation should ask the following question: ‘If you build it, will they come?’ (Moulder, 2001). Failing to do so will result in a loss of taxpayers’ money. Thus it is becoming imperative for E-Government practitioners and researchers to build relationships with customers by learning what their actual needs and motivations are, how satisfied they are in the benefits realisations, and how their satisfactions can directly or indirectly influence E-Government uptake. Against this backdrop, the purpose of this study is to explore the concept of Customer Relationship Management (CRM) in E-Government, especially the business benefits realisations, tangible in the form of return on investment (ROI) and intangible in the form of return on relationship (ROR), and to demonstrate the usefulness of ROI vs ROR matrix to classify customer experiences into four satisfaction quadrants, namely, unhappy, compromised, happy, and delighted. Then, we will briefly outlined the research methodology used for this study and then followed by discussions of research findings. Finally, a number of conclusions for research are provided.

CUSTOMER RELATIONSHIP MANAGEMENT IN GOVERNMENT

Customer Relationship Management (CRM) is a strand branches out from relationship marketing, and it is known as a customer-oriented business philosophy that involves analysing, planning and controlling customer relationships by modern information and communication technologies (Grabner-Kräuter & Mödritscher, 2002). According to Crook et al. (2003), CRM in E-Government context is defined as ‘capability that dramatically improves government’s relationship with its customers by reorganizing services around actual customer needs’. Grabner-Kräuter and Mödritscher (2002) say that CRM is a strategy, not a technology. Likewise, PeopleSoft (2002) defines CRM as ‘both a strategic orientation and a set of system and process’. In essence, CRM in E-Government involves the use of information and communication technologies (ICTs) to interact and to
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