# The Role of E-Government Towards Ensuring Good Governance in Trade and Commerce in a Developing Country Like Bangladesh

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**Abstract**

This paper focuses on the role of e-government especially in trade and commerce perspective of Bangladesh and shows how the application of recent technologies can help to promote efficiency, encourage transparency and build trust in government. The government initiatives for the implementation of e-government in trade and commerce are scrutinized in this paper. E-Government can transform the greater prospect for trade and commerce into reality in Bangladesh. E-government is likely to contribute to the creation of productive employment for the poor through the strengthening of many small-scale and informal sector activities by reducing the corruption and creating a favorable condition for investment and increase economic competitiveness.

**Keywords:** E-Government, Good governance, Developing Country, Information Technology

## 1.1. Introduction

In Bangladesh some efforts have been put to implement e-government. However, in the case of developing countries, ICT use in the public sector was very small, and therefore they had poor ICT infrastructure, if any (Bhatnagar and Bjorn-Andersen, 1990; Yong, 2003). The major functions of Ministry of ICT are to assist in the introduction of good governance in the country through use, application and expansion of information and communication technology. The e-government can transform the greater prospect for trade and commerce into reality in Bangladesh which seems to be overlooked.

At the level of basic factors (government accountability and general acceptance of state institutions), e-governance contributes to the functioning of democracy by online provision of government information which would otherwise be difficult to obtain or unavailable, and through online debates and plebiscites (Teicher *et al.*, 2002). To get more efficient governance, developing countries like Bangladesh can associate existing government with the technology.

At present people are more concerned about their rights and the way to be governed. The developed countries have tremendously used information technology as a tool to achieve better governance that helped in reduction of costs while increasing efficiency. The e-government movement in developed countries was largely triggered by the availability of modern technology which enabled to access government agencies remotely and inexpensively.

## 1.2. Objectives

The objectives of the paper are as follows:

- To evaluate the concept of e-government and good governance in context of Bangladesh.
- To evaluate the measures taken for implementing e-government in Bangladesh to uphold good governance in trade and commerce.

## 1.3 Methodology

The aim of this study is to investigate whether e-government can facilitate good governance in trade and commerce in Bangladesh. To achieve this objective, this study provides qualitative data from secondary sources and in-depth interviews about the perception of concerned parties. Interview questions were open-ended and were primarily derived from the research objectives.

*Interviewee Selection*

Because of the access and time considerations associated with the collection of interview data, the number of interviewees was limited. The first interviewee (Interviewee I) is an IT expert who is working as a full-time faculty member in a public university in the respective discipline. To identify relevant opinions in the sector

under study, the second interviewee (Interviewee II), an entrepreneur in RMG sector was selected. The positions of the interviewees indicate their expertise and competency to evaluate the present situation. The third interviewee was a banker from a leading bank of the country which makes extensive use of e-governance in providing services to their customers.

*Data collection*

Three in-depth interviews with the selected persons were undertaken in December, 2011 and January 2012. While the sample size is relatively small, we believe that the views provided by the interviewees nevertheless provide valuable insights into the matter.

The interviewees received an invitation, explaining the purposes and nature of the research study. The interview ranged between 60 to 70 minutes. Before each interview the project was explained to the interviewees. One interview was conducted over phone. Interview responses were noted down in details. Later, these responses were analyzed according to the objectives of the article.

## 2.1. Electronic Government defined

According to United Nations Division for Public Economics and Public Administration and the American Society for Public Administration, e-Government can be defined as "utilizing the internet and the world-wide-web for delivering government information and services to citizens." Whereas World Bank defined, "E-Government" as the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. (www.worldbank.org)

E-government commonly refers to the processes and structures pertinent to the electronic delivery of government services to the public. For instance, according to Gartner Consulting, e-government involves the use of ICTs to support government operations and provide government services (Fraga, 2002). Heeks (2002) defines e-government as the use of information and communication technologies (ICTs) to improve the activities of public sector organizations. However, e-government goes even further and aims to fundamentally transform the production processes in which public services are generated and delivered, thereby transforming the entire range of relationships of public bodies with citizens, businesses and other governments (Leitner, 2003).

In sum, e-government is defined by inter-organization a relationships that promote policy coordination and implementation, and by the delivery of services on-line or through other electronic means to citizens. According to Sadik Hasan (2003) this includes:

developing citizen-centric programs, promoting and enhancing citizen participation, perfecting on-line service delivery through analysis and evaluation, measuring efficiency, and benchmarking against other forms of service delivery, Country indexing (performance measurement benchmarking): portal analysis; website analysis.

E-government is about improving the efficiency and effectiveness of government by using the Internet and related technologies (Audit Office of New South Wales, 2001).

Electronic or e-government means providing public access via the Internet to information about all the services offered by central government departments and their agencies; and enabling the public to conduct and conclude transactions for all those services (Comptroller and Auditor General, 2002). Three dimensions reflect the functions of the government itself. These are: e-services, e-commerce, e-management.( Saxena, 2005)

The respondents indicated the reliance on IT in defining e-government. It was stated that-

∗ "E-government is a process where maximum use of IT can facilitate decision making which was previously based on intuition. In other words E-government is reliance/dependence on IT to facilitate decision making whereas E-govt provides data-statistics-structure."(#Interviewee I)

∗ *"*E-govt. is use of electronic tools to bring transparency in the system."(#Interviewee II)

∗ "E-govt. is use of technologies to make internal control and monitoring in the system easier. It may be in the form of online reporting. The day-to day update is easier and faster to maintain. The rules and regulations of bank, circulars can be disseminated to all branches at the same time. The system used in my bank could be a model for successful implementation of e-government. Connectivity is a major issue here. Isolated branches can be monitored and directed easily by the head office. It can extend support in need to any branch promptly." (#Interviewee III)

From the above definitions we find a number of features of e-government which may be listed as below.

• Use of electronic means of communication such as Internet and web technology.
• Two-way transmission of information among concerned parties, namely government, citizens and businesses
• Confirming of access and enhancing of interaction leading to greater participation by the general people in the governance mechanism.

According to Sawa (2004), e-government evolves through five levels. The first level of the government evolutionary process is known as the "emerging stage" and is concerned with online information that is largely

consumed internally. Often at this stage the websites that one finds are static. Level two is known as the "enhanced stage" and is characterized by information being provided online about public services. Level three is known as the "interactive stage", and is characterized by an interactive e-government infrastructure which is able to facilitate downloading of forms. The fourth level is known as the "transactional stage" and is characterized by a two-way interaction where processing of forms, including authentication, is possible. The final level is known as the "seamless stage" and can handle online services such payment delivery in a unified environment (Sawe, 2004).

## 2.2. Good Governance

It is difficult to define the principles of good governance accurately. The United Nations Development Programme (1997) enunciates a set of principles that seem to have a universal recognition and are stated as legitimacy and voice (focus on participation and consensus orientation); direction (focus on strategic vision); performance (focus on responsiveness, efficiency and effectiveness); accountability (focus on accountability to public and transparency); and fairness (focus on equity and rule of law).

The interviewees have described good governance as-

"Good governance means clarity and fairness and reduction of corruption."(#Interviewee I)

"I think good governance ensures fairness and transparency and access to information in every sphere. It is a precondition of sound business environment."(#Interviewee II)

"I think good governance can be interpreted in a few ways, firstly, by terms of ensuring social security in a country like ours and by maintaining and/or bringing economic stability by developing investment climate." (#Interviewee III)

Since governance is the process of decision-making, good governance assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. Decentralization is indeed a technical necessity for good governance. It is changing the ways in which government does business with the public and, in the process, is creating demand for some form of participation from the citizen while reducing administrative burdens that can ensure good governance.

Good Governance is vital for the development of a country as it support people by facilitating the free flow and exchange of information from government as well as non-government sources to substantiate freedom of expression and opinion. The governance structure in Bangladesh is hardly accountable to its citizens. The problem of poor governance has been manifested in adopting unfair business practices in Bangladesh. Poor governance can be both a cause and an indirect affect of ineffective trade and commerce development.

## 2.3. Benefits of E-Government interpreted by Good Governance

E-government enhances freedom of information, improves efficiency and provides access to information (United Nations Department for Economic and Social Affairs, 2004).It also improves the development and implementation of public policies and helps the public sector to cope with the conflicting demands of delivering more and better services with fewer resources.

A recent report commissioned by the European Public Administration Network (EPAN, 2004), identifies seven types of interconnected benefits of e-government:

- improved quality of information and information supply;
- reduction of process time;
- reduction of administrative burdens;
- cost reduction;
- improved service level;
- increased efficiency;
- increased customer satisfaction.

The introduction of modern technologies in relevant sectors can serve a variety of different ends:

- better delivery of government services to citizens,
- improved interactions with business and industry,
- citizen empowerment through access to information, or
- more efficient government management.

The application of e-governance helps to reduce costs, inefficiency, inconvenience and ineffectiveness in service delivery. E-government is also expected to develop content of immediate local relevance, and preserve national history, heritage and traditional knowledge (Sawe, 2004).

Despite sustained domestic and international efforts to improve economic conditions, Bangladesh remains a poor, overpopulated, and ill-governed nation. Bangladesh faces the challenge of achieving accelerated economic growth and alleviating the massive poverty that afflicts nearly two-fifths of its 160 million people. But it has huge prospect of attracting investment because of its geographical location. The economy of our country is opened up with rapid liberalization of import policies for FDI compared to many other countries of this region

and low cost of production.

If we want to step forward in trade and commerce sector, it is necessary to set new plans to promote trade by coping with the globalization process. The affect of corruption on the impoverished economy of a country like ours is undeniably insufferable and intolerable. The three factors that Rose-Ackerman (1973, 1978 cited in Goudie and Stasavage, 1997;

Rose-Ackerman, 1994, 2004) and Klitgaard (Klitgaard, 1988, 1996 cited in Tangakitvanich, 2003 Klitgaard, 1995a, b cited in Goudie and Stasavage, 1997) identified as the drivers of corruption were: monopoly of power; discretion; and lack of accountability and transparency. E-government might contributes in minimizing corruption through the application of information and communications technologies (ICTs) in a system of governance, to bring in simple, moral, accountable, responsive, and transparent (SMART) governance (Rajashekar, 2002 cited in Jain and Ramani, 2005; Harris and Rajora, 2006).

Moreover, e-government in developing countries must accommodate certain unique conditions, needs and obstacles (Heeks, 2001). For instance, developing countries may have poor infrastructure, corruption, weak educational systems, and unequal access to technology.

Adopting e-Government strategies to establish e-governance in the trade and commerce sector will reduce the scope for corruption and attract investment. The promotion of good governance is widely accepted as a prerequisite for development (Sen, 1999).

In addition to corruption, trade related regulations that are vague, contradictory and improperly implemented aggravate the situation. The infrastructural facilities in our country act as one of the main hindrance as developing countries have to computerize their internal functions and then to shift from traditional systems to the virtual systems in case of digitalization. The bureaucratic problems along with weak governance system aggravate the situation. The wide access to government information and services and total transparency of government functioning will contribute to the business world. E-government can promote greater transparency in government activities, reduce the scope for corruption and attract investment.

E-government is likely to contribute to the creation of productive employment for the poor through the strengthening of many small-scale and informal sector activities by reducing the corruption and creating a favorable condition for investment and increase economic competitiveness. A study by the World Bank revealed that where there is participatory governance, an additional 1 per cent of gross domestic product in aid translates into a 1 per cent decline in poverty and a similar decline in infant mortality (World Bank, 1998).

E-government in Bangladesh can, "cut graft, up investment" (Bangladesh Enterprise Institute). This is supported by the following causal explanations:

1. E-government can provide an effective tool in combating corruption. For example, e-tendering reduces the chances of corruption and malpractices whereas increases transparency and fairness in the system and the process becomes more resource-efficient, time and cost saving. Collection of information and various governmental forms can also be conducted on-line as well as registration activities.

2. e-governance is much more than just the act of automation (computerization) itself (Saxena, 1995).Widespread Internet access will not be adequate for the introductory stages of e-government. The important point is the dissemination of information to be done in a way where no third party can interrupt.

*The benefits of good governance from e-government as stated by one of the respondents:*

"The benefits of good governance by implementing E-govt is certainly above the standard such as reduction of corruption, traceable documentation, systematic investigation of problems, transparency, improvement in management efficiency. A data center can be build to preserve data with high security which can meet many of the good governance demands." (#Interviewee I)

3. E-government helps make the procedures of government internal processes more efficient, save time and resources. It can also help boost private sector performance and efficiency by reducing the time and expenses required for businesses to interact with the government.

"Getting updates is easier-If we want to get news from a branch at another city, we can easily get that. The same thing can happen in case of govt. services. There can be one-stop-service centers/portals which will save both time and cost providing information on how to get services from government or how to acquire important information. Dissemination of information from ministries and offices countrywide along with business promotion initiatives may become seamless." (Interviewee III)

4. Introducing e-government can bring the recent news of market and of potential buyers to the marginalized people of our country.

"Sometimes people without knowledge of the respective industry or demand enter the industry that can't be absorbed by the industry. If government provides the necessary market information such as the worldwide demand of exportable products, buyer wise export quantity then this problem will be minimized. If a database exists, concerned parties can get easy access to relevant information such as export data, buyer preference, export promotion incentives etc. E-government may also help in licensing as there will be no need for the

businessmen to submit required documents to renew their licenses as a central database exists." (#Interviewee II)
The above mentioned targets could be achieved with the applications of the following common e-government initiatives as these are considered as some of the most popular e-government initiatives that address corruption and lack of transparency:

- online delivery of government information and services
- computerized licensing and registration
- web-based tender notification and procurement
- web-enabled complaints submission and
- Online public comment for draft legislation.
- Online procurement system

"Good governance ensures uniformity which can be possibly done with the help of e-government procedures. If information is disseminated from the center to the hubs at the same time, there is low chance of distortion."(#Interviewee III)

## 2.4. Caution with the implementation of E-government.

There are some demerits of implementing e-government from developing country's perspectives as stated by the respondents-

"The security hazards brought by e-government demands our attention. Criminals can manipulate the system if technical security is low. Uninterrupted power supply is also important.   Getting access to the Internet can be dangerous as hackers are always trying to hack important websites. The maintenance of websites administered by the government is crucial. Dishonest, unscrupulous people in the government body may pursue their ill motive by misutilizing their power. Again, adaptability of the existing officials in the government or other concerned parties is another major concern. "(#Interviewee I)

"The centralization of banks is a hindrance for the businesspeople. Though e-government facilitates decentralization, at present banks in our country are moving towards centralization in granting credit. Some businessmen are filing fake L/C agreement and spending the money for other purposes. As a result those who are genuine trader, face problems." (#Interviewee II)

"Lack of training for those who would be the beneficiary of e-govt procedures is something worth attention. The businesspeople in our country are not adequately trained. Proper guidelines with technical know-how is necessary in implementing e-govt services such as e-tendering."(Interviewee III)

## 2.5. Measures Taken So Far

Bangladesh Bank, the apex institution in the financial sector has taken initiative to implement a number of projects with an aim to streamline relationship between government, business and people through effective use of information and communication technology (ICT).

- The project undertaken by Bangladesh Bank titled as "Central Bank Strengthening Project (CBSP)" with assistance from IDA which started from 2003 and will be operated till the end of December 2011. The project includes:
  - Strengthening the legal procedures.
  - Reorganization and modernization(Reorganization of BB functions, Modernization of BBTA, Modernization of Office and office layout, video conferencing, automation, IT lab, HR development)
  - Capacity Enhancement (Strengthening of Research wing, Strengthening of maintenance, Strengthening of accounting and auditing standards.)

Under this project the networking has been installed already as a part of automation which enabled the connection among all departments/offices of Bangladesh Bank. This will accelerate the pace of overall functioning of Bangladesh Bank and the use of IT in work will improve the skill and expertise of the staff. The implementation of ERP (Electronic resource Planning) is at the completion stage.

- Bangladesh Bank is also implementing the project titled as "CIB online advantage".
  CIB(Credit Information Bureau) is using modern computer technology for collecting credit related information from the source and quickly representing it in the prescribed form to the users. This initiative has been initiated since 13th July, 2007. The on-line project among CIB and headquarters of financial institutions has been started since June 2009.
- DFID funded remittance and Payments partnership project which includes Electronic Funds Transfer (EFT) Network to be established which will enable the transfer of fund in a more efficient and timely manner.
- Bangladesh Automated Clearing House (BACH) has been initiated.
- Bangladesh Bank (BB) has entered into the e-tendering system, bringing an end to the decades' old traditional tendering process. This e-tendering system will make tender procedure more transparent, faster and hassle-free. The e-tendering system offers the bidders to choose their jobs, view tender

schedule, submit their bidding and documents and get the feedback online. E-Tender system is an inhouse product of Bangladesh Bank. Bangladesh Bank introduces the online tendering system to facilitate the procurement process:

> "E-tendering is the most important measure so far taken by the govt. The merits of e-tendering are many-fold such as free from political influence and able to overcome the distance barrier." (#Interviewee I)

The central bank has allowed online transactions for the country's information and communication technology (ICT) firms aiming to expedite ICT related businesses. Under the new provisions, banks are allowed to remit up to US$ 10,000 on behalf of ICT or software firms in a calendar year for the purposes of international alliances like software registration fee, domain registration and hosting fees and server maintenance fee without prior approval of the Bangladesh Bank (BB).

The second and third interviewees mentioned the urgency of implementing e-government in trade and commerce sector especially in trade licensing. They mentioned:

"Capacity wise export licensing can be a vital tool in Bangladesh to bring transparency." (#Interviewee II)

"E-tendering is worth-mentioning. E-registration, e-ticketing are also mentionable."(#Interviewee III)

The measures taken in telecommunication sector are as follows:

- The Bangladesh Telegraph and Telephone Board (Amendment), Act 2009, The Post Office (Amendment)Act, 2010, ILDTS Policy-2010 has been designed with the technical change and govt. policy in consideration.
- The number of mobile and PSTN subscribers has reached to 6.65 crores at December 2010 which were 4.6 crore at December 2008.
- An initiative has been taken to launch 3G mobile technology in the country.
- Due to heavy demand for laptop computer, PSTN (Land) telephone set, mobile set, mobile battery charger, electric digital meter govt. has taken initiative for addition and commercialization.
- Bangladesh Cable Industry Limited has set up plants for producing optical fibre.

The measures taken by the government to improve the ICT condition of the country are as follows:

- The aim to involve the marginalized population into the development goals and set of actions with ICT as the enabling tool is the driving force behind establishment of Union Information and Service Center (UISCs) in 4501 Union Parishads to serve the citizens.
- The 'district e-service centres' are likely to be launched in all district headquarters soon.
- The government will set up eight hundred solar power-run e-centres in the remote areas across the country.
- The bandwidth charge has been reduced from tk 27,000 Mbps to tk.12,000.
- With an aim to make the administrative machinery more effective optical fibres have been installed in 72 points(including Prime Minister's Office, Ministries, Divisional Headquarters, D.C Offices) in the country for initiating videoconferencing which is expected to commence within June 2011.

Some more steps are praiseworthy in respect of our country by different organs of the government.

- Board of Investment (BOI) has launched the online investment registration system which is expected to bring transparency, fairness in the system compared to the traditional paper-based system.
- A digitized automatic container handling system will be introduced in Chittagong Port.
- Bangladesh Railway is going to launch electronic ticketing service to ease the sufferings of passengers.
- Electronic Money Order Services has been introduced in 1500 post offices which enable clients to receive money within 30 minutes.
- The collection of vehicle tax and fees through online banking for Bangladesh Road Transport Authority (BRTA) has been launched recently.

Although a wide range of e-government initiatives taken by the government of Bangladesh, however, there remains scope for further implementation:

> "E-govt should be implemented everywhere in Bangladesh specially education. Secondly, in transportation sector, if accident occurs, BRTC can easily check drivers' license, track record of the driver, car number and fitness from the database. There can be other uses, namely, Medical record, Land record, Information from the Secretariat, Electricity shift." (#Interviewee I)

> "E-government can play a determinant role in trade and commerce sector. It can enhance the viability of the system."(#Interviewee II)

> "E-government has wide prospect in trade sector. Like our neighboring countries, we can replace some manual jobs with automation." *(#Interviewee III)*

## 3. Conclusion

Bangladesh needs to take special efforts to utilize their expert personnel who are the main source of our link to modern technology and industry. In order to make this attempt effective a suitable platform for technology collaboration between resident and non-resident Bangladeshis with the private sector participation can be provided. Special funds can be allocated by the government to IT entrepreneurs and tax breaks for software and IT services companies can be approved.

A comprehensive database can be created where all information in relation to technologists, investors and entrepreneurs worldwide would be incorporated. The database may be made available through internet. All Ministries, Divisions, agencies of government and autonomous organizations shall set up web sites where all policy documents and information relevant to the public shall be posted as early as possible and regularly updated. There will be a web portal of Bangladesh Government from which link will be provided to the web sites, like e-forms, e-procurement, e-recruitment, e-results etc.

Bangladesh is already in the race of e-government. This study examines that effort by addressing the status of ICT in Bangladesh. It analyzes the initiatives of the Bangladesh government, to introduce e-government in Bangladesh. It concludes that e-government preparation in Bangladesh is still in its preliminary stages and has not fulfilled its potential. A coordinated effort of political leadership, bureaucrats, and private entrepreneurs could facilitate the desired development in the ICT sector and accelerate the presence of e-government in Bangladesh.

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