Importance and Quality of Relationships among Local Self-Governments and Their Stakeholders

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Abstract
The article presents chosen results of the international research project “Relationship marketing of micro and small enterprises along with territorial self-governments – comparative research”, and is focused on evaluation of relationship marketing in local self-government offices in Slovak Republic – Banská Bystrica region. Based on the theoretical and practical issue the article deals with the importance and quality of the relationship marketing in the local self-governments. The aim of the article is to present and compare importance and quality (through its cognitive and emotional aspects) of relationships among local self-government offices and particular stakeholders. We used standard research methods of questioning and a specific method - semantic selection test. Knowledge about these relationships can serve as a base for future improvements leading to better co-operation.

Key words: relationship marketing, self-government, stakeholders, quality, importance, emotional aspects

JEL Classification: H79, M31

1 Introduction
Management of the relationships is in the scientific literature considered as a strategic issue. It enables to create, develop and maintain portfolio of long-lasting relationships for successful operation on the market, gaining the synergy effect and ensuring needs fulfilment of both sides within a dyad in their interaction. The most frequently used concepts are CRM (customer relationship management or customer relationship marketing). Researches abroad and also in Slovakia in this area are usually connected with the private sector, e.g. works of authors [1]; [2]; [3]; [4]; [5], [6], [7], [8].

However, the scientists continued with these issues further [9]; [10]; [11]; [12]; [13]; [14]; [15]; and also nowadays [16] and the others; and examined relationships of companies not only with customers – individuals and households (B2C), with customers – companies (B2B), but also with other so-called stakeholders in their surroundings, like public, media, intermediaries, employees or government [17]; [18]; [19]. Stakeholders are persons or groups that have claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Their exist five groups of primary stakeholders including shareholders or investors, employees, customers, suppliers, and "the public stakeholder group: the government and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due" [20, p. 106]. Systematic management of the relationships should
be secured through the strategy based on marketing principles. Theory of relationship marketing focuses on studying of these more complex issues.

Authors [21] classified 12 main schools of thoughts (Commodity, Functional, Regional, Institutional, Functionalistic, Managerial, Consumer Behaviour, Activist, Makromarketing, Organizational Dynamics, System and Social Exchange School) into four groups and evaluated their contribution to the development of marketing theory according to six metatheory criteria. Relationship marketing issues have origins in the Social exchange school (and social exchange theory) belonging to the group of non-economic and interactive marketing schools, but we found out that its principles could be applied also in the public sector [22]; [23]; [24]; [25]; [26]; [27]…etc.).

Relationship marketing can be defined “…as a set of activities starting with customer attraction, continues with customer acquisition and ends with customer retention” [28, p. 117]). These activities lead to customer satisfaction and after a longer time to customer loyalty. More generally we can claim that relationship marketing leads to the satisfaction of any subjects in the dyad (not only customers) and it creates a good basis for future cooperation, no matter if we speak about private or public sector.

Some authors [29]; [30] apply relationship marketing to the sphere of local – self-government and claim that this concept can work similarly like in the private sector. Also in local self-government there exists a need of mutually contributional relationships among stakeholders despite of the fact that their value is not primarily based on profit growth like in the private sector [31, p. 43 - 44]. However we can find analogies between private and public sector regarding relationship marketing, where customer can be replaced by citizen, there are employees in both sectors, other cities can be considered as competition…etc. [31, p. 42]; [32]; [33]. Study of relationships among local self-government and their stakeholders can enable management of the offices to manage them and provide values or in particular services more efficiently.

2 Methodology, aims and results
The article presents partial results of a complex international comparative project “Relationship marketing of micro and small enterprises along with territorial self-governments – comparative research”, which was carried out by employees of Karol Adamiecki University of Economics Katowice, Matej Bel University in Banská Bystrica, Faculty of Economics and Administration of Masaryk University and Faculty of Business and Management of Brno University of Technology (this research is connected with the institutional grant FG 77 (3/07-11/08) “The Level of Relationship Marketing with Stakeholders in Small and Medium-sized Enterprises” and VEGA 1/0726/08 (2008-2010) (“Influence of Public Administration Decentralisation in Slovakia…”). One of the project objectives was to examine and compare importance and quality (through its cognitive and emotional aspects) of relationships between local self-government offices and particular stakeholders that were represented by citizens, municipalities (partners, microregions), church, companies, other subjects (schools, hospitals, agencies…), financial institutions (banks, insurance companies…), non-profit organizations (social area), other non-profit organizations concerned (sport, culture), state government units, labour offices, members of local parliament,
political parties, employees of the office, media, universities and academic centres. We used the standard method of questioning – interviews with representatives (usually mayors) of randomly chosen self-government offices in Banská Bystrica region, Slovakia – for data gathering. Since the sample was only 15 offices, answers are given in absolute figures. The research was conducted between May and June 2007.

The interview (using the form of questionnaires with personal assistance) consisted of closed and open questions through which we gained qualitative and quantitative data. The “quality” of relationships is a very wide term, but we tried to reveal it through “conscious” attitudes of offices and “unconscious” impressions or feelings. To discover the emotional, often not consciously realized attitudes, we used the projective method of semantic selection test (SST). It is a method developed by a biochemist and psychiatrist Doležal [34, p. 150]. Generally we can say that the aim of this method is to examine the situation from the respondent’s point of view, how the respondent judges himself, the other people or subjects from the environment [35, p. 569]. This test is usually supposed to be exploited for psychological and psychiatric diagnostic purposes, especially explorative ones, but we adopted this method for our purposes to reveal the emotional dimension of respondents’ attitudes towards particular stakeholders. It’s important to indicate that we examined only one part of the dyad that means local self-government viewpoint and not the viewpoints of other stakeholders towards local self – governments (except of companies, however, this is not important with the respect to the article objective).

In our research the respondents were given 16 symbols (schematic drawings) [19, p. 83], from which they had to choose 4 – 12 symbols (or in other words pictures or objects), which are: sun, crescent of the moon, bars (or grid), worm, grave, boat, spiderweb (or cobweb), mouth, tree, knife (or dagger), eye, snake, flower, fish, house and water; and match them with the particular type of stakeholders. The selection of the symbols depended on the associations connected with the particular type of stakeholders. The respondents were asked to express the view of the local self-government and not their subjective emotions towards the particular type of stakeholders while selecting the symbols. The data obtained from the semantic selection test was statistically processed by Doc. PhDr. Urbánek, Ph.D. from Institute of Psychology of the Academy of Sciences of the Czech Republic with the correspondence analysis method. Results gained from this method help to understand how representatives from local self-government offices “perceive” examined stakeholders and how they find relationships towards them.

2.1 Importance of particular stakeholders and quality of mutual relationships from the viewpoint of local self-government offices
To identify a cognitive dimension of respondents’ attitudes towards particular stakeholders, we asked local self-government representatives to judge importance of relationships with them regarding the process of aims achievement in the office. The importance was in the scale from 1 to 10, where 1 means inconsiderable and 10 means crucial importance for aims achievements of local self-government. Results of importance of particular stakeholders in the form of average are documented in the table 1. The lowest value is 4.2 indicating that respondents consider each stakeholder to certain extend as quite important.
For representatives of local self-government offices the most important are citizens and employees of the office, the third place belongs to labour offices and other subjects (represented by schools, hospitals…etc.) and state government. The least important are universities and mainly political parties. In the second step we wanted to find out how would they evaluate quality of mutual relationships with stakeholders (from 1 to 10, where 1 = lowest quality and 10 = highest quality). The results are visible in the second part of the table 1.

Table 1 Importance and quality of relationships with stakeholders in aims achievement of the office

<table>
<thead>
<tr>
<th>Stakeholders (subjects)</th>
<th>Importance</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>m Ranking</td>
<td>m Ranking</td>
</tr>
<tr>
<td>Citizens</td>
<td>10,0</td>
<td>7,4</td>
</tr>
<tr>
<td>Municipalities (partners, microregions)</td>
<td>7,2</td>
<td>7,3</td>
</tr>
<tr>
<td>Church</td>
<td>5,3</td>
<td>6,3</td>
</tr>
<tr>
<td>Companies</td>
<td>7,7</td>
<td>6,2</td>
</tr>
<tr>
<td>Other subjects (schools, hospitals, agencies...)</td>
<td>8,0</td>
<td>7,5</td>
</tr>
<tr>
<td>Financial institutions (banks, insurance companies)</td>
<td>6,1</td>
<td>7,0</td>
</tr>
<tr>
<td>Non-profit organizations (social area)</td>
<td>5,5</td>
<td>5,1</td>
</tr>
<tr>
<td>Other nonprofit organizations (sport, culture)</td>
<td>7,3</td>
<td>7,6</td>
</tr>
<tr>
<td>State government units</td>
<td>7,7</td>
<td>6,7</td>
</tr>
<tr>
<td>Labour offices</td>
<td>8,1</td>
<td>7,8</td>
</tr>
<tr>
<td>Members of local parliament</td>
<td>7,3</td>
<td>6,2</td>
</tr>
<tr>
<td>Political parties</td>
<td>4,2</td>
<td>3,9</td>
</tr>
<tr>
<td>Employees of the office</td>
<td>9,7</td>
<td>8,3</td>
</tr>
<tr>
<td>Media</td>
<td>6,2</td>
<td>6,5</td>
</tr>
<tr>
<td>Universities, academic centres</td>
<td>5,2</td>
<td>6,4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,0</strong></td>
<td><strong>6,7</strong></td>
</tr>
</tbody>
</table>

*Source: own research (m = average)*

The best evaluation of quality appears to be towards own employees of the office and non-profit organizations. Evaluation of the relationship quality towards own employees was “expected” result since the employees are significant actors of aims achievement. The average of relationship quality towards citizen was only 7,4 that surprisingly means in the total evaluation fifth place. The lowest quality level was assigned to companies, non – profit organizations, members of local parliament and political parties. Local self-government has to take part in relationships with companies to provide services where resource constraints exist [30, p. 17, 42], [36]. Other results are also in her further publication [37]. In our research evaluation of mutual relationships is from the quality point of view according to the representatives of local self-government only average and has obviously considerable reserves that create barriers of better cooperation.

For better understanding of the relationship quality we have examined also emotional, unconscious dimension. Semantic selection test with the exploitation of correspondence analysis produced results shown in Picture 1 in the form of positional map demonstrating structured quantitative information about respondents’ relationships towards particular stakeholders.
The picture shows semantic space of the groups of respondents by way of two dimensions that are used by respondents unconsciously in categorization of considered stakeholders. One dimension represents marginal poles of positive and negative impressions about relationships. Marginal poles are emotional whereas middle of the continuum is emotionally neutral.

The majority of symbols and considered subjects (stakeholders) creates cluster along with this dimension axis. The content of the second dimension that divides semantic space is difficult for interpretation. However we assume that the structure of semantic space was influenced by the fact that symbol “grave” in this test was in the form of cross what was associated in the minds of respondents with the church. In positional map symbol of “grave” and one of the stakeholders “church” are completely out of the cluster. Similarly the symbol “moon” is out of the other positioned subjects. We assume that in the case of church symbol assignment was influenced by other kind of associations than “grave” that has absolutely different character from the meaning connected with other stakeholders. From this reason we will not interpret position of church.

Positional map indicates that local self – governments have indubitably positive relationship towards citizens that are positioned in a close connection with “sun”. Similarly, employees belong to the same cluster among “sun” and “flower”. The positive relationship was expressed also towards universities although they are positioned relatively independently and closely to the symbols of “sun” and “tree”. The answers of respondents indicated less positive relationship towards other subjects and non – profit organizations in sport, culture and so on. They are positioned closely to the “house” symbol. In the positive side of continuum closely to the “fish” and eye”, non – profit organizations in social area (although close to the middle) and municipalities/microregions closely to the “boat” are positioned. Almost in the middle, but still towards positive pole of “mouth” companies are situated.

In slightly negative side of continuum closely to “water” and “grid” media and labour offices are located. Between symbols of “water” and “snake” we can see financial institutions; in the closeness of “dagger” and “snake” we can see state government units and in the closeness of “dagger” local parliament members are visible. In the closest connection to the negative pole with the symbols of “web” and “worm” political parties are situated. We can interpret these results that feelings of Slovak local self – governments towards political parties are the most negative.

2.2 Comparison and complex evaluation of the relationships importance and quality among local self – governments and stakeholders

The object of this paper was to compare importance and quality (through its cognitive and emotional dimension) of relationships that local self – governments have with their stakeholders. We used standardized interview (by the helps of questionnaire) and semantic selection test to get appropriate results. We found out that representatives of the local self – governments consider as most important for their aims achievement citizens and their own employees. Both methods confirmed this result that we judge as expected since citizens should be in the hierarchy on the top. We can find citizens as “external customers” and employees as “internal customers” while using marketing terminology. The research shown that there are certain reserves in the quality of relationships with citizens the representatives are aware of since they evaluated it only at the fifth place. These results confirm also the other researches provided in Slovak and Czech municipalities [38]; [39]; [40]; [41].
Our research also shown that local self–governments have the worst relationship towards political parties. The feeling were negative (Picture 1), “cognitive” quality was evaluated poorly and also importance was at least important. Emotionally rather negative attitude was also towards media and was confirmed by the value of importance (10th place from 15) and quality (9th place). The poor importance can be interpreted by the fact that media probably really don’t interfere significantly to the aims achievement of the local self–government.

Noticeable is evaluation of local parliament members. They gained 7th place of importance. The quality is very bad, just 12–13th place and is also confirmed by the negative emotions. We don’t have results from the other side of dyad between citizens and local self–governments to get a complex view, but we can assume that the perception would be similar. For example some research results show that satisfaction of citizens (as a certain indicator of relationship quality) with the work of local self-government in Košice region particularly with members of local parliament is under the average [42]. If we consider objective importance of these stakeholders in self-government management, it is necessary to deal with this problem more deeply, find reasons of this reality and propose appropriate measures.

Emotionally negative attitudes, although less pronounced, have respondents towards state government, labour offices and financial institutions. Relationship towards labour offices is somehow specific; the importance is quite high (3rd place), quality is high (2nd place), but in spite of this the emotional attitude is negative. We believe that it is related to the fact that it belongs to the state government. State government is similarly important (5th place) but the quality is only average (8th place) that is confirmed also by the emotional perception.

If we compare more or less negative emotional relationship of respondents towards state government, labour offices and members of local parliament (Table 1) and relationship quality, we can claim that despite of negative emotions the self–governments keep the relationships with some stakeholders because they are “forced” from some reason. In case of state government and members of local parliament it’s legislation and in the case of labour offices it’s mainly common project focused on “acquisition” activities.

Another interesting knowledge is relationship towards companies. The importance is high (5th place), but quality was evaluated as insufficient (12. – 13th place), that is confirmed also by the relatively emotionally neutral attitude. „Mutual relationship between companies and local self–governments is unbalanced against local self-governments and it’s necessary to think about future improvement“[43].

For representatives of academic sphere could be the challenge that representatives of local self–governments have emotionally positive relationship, but they don’t find them as important for their aims achievement (14th place) and quality is evaluated as insufficient (10th place).

3 Conclusions
Management of relationships with different subject in marketing environment is one of the key determinants of the success of subject on the market. Relationship marketing as a never stream of
marketing has a great potential of exploitation not only in the private sector, but also in the public sector, particularly in local self–governments.

The aim of the article was to present and compare importance and quality, through its cognitive and emotional aspects, of relationships among local self-government offices and particular stakeholders. We used standard research methods of questioning and a specific method - semantic selection test.

To summarize the results of our research average figures of relationships importance and quality reflects the overall tendencies of respondents’ thinking about these relationships with particular stakeholders. If we compare research results gained from questioning and semantic selection test it is obvious that usually these results are in the harmony and the emotional part of the attitude follows and sometimes explains the other results. It is visible in the Table1 that overall importance of relationships with all stakeholders is higher (7,0) in comparison with the conscious quality (6,7). It means that although representatives of the local self-governments are aware of the relationships importance at the same time they objectively see that the real quality is lower and they have reserves in this field.

Our research identified the problems which indicate that for management in the self-government, it is necessary to implement more marketing spirit in their daily practice. Very important part of this is to use both-side communication among self-government offices and particular stakeholders.

References


