

# THE QUALITY LEVEL OF SERVICES PROVIDED IN LOCAL GOVERNMENT ADMINISTRATION AND LOCAL BUSINESS DEVELOPMENT OPPORTUNITIES

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## 1. Introduction

Many authors have divided territorial marketing into internal and external ones. Internal territorial marketing refers to actions and processes taking place within the units of local governments and influential organizations. Its actions are mainly directed at the employees of local governments and, additionally, at people and organizations closely related to particular local governments, which include local communities of residents [1, p.286]. It is proposed to divide the internal region of the territorial marketing into two sub-regions. The first one refers to the employees of the local government units, and specifically to the actions which aim at the optimal organization of the staff, where the emphasis is placed on the effectiveness, the flow of information, the right division of competence and the harmonious human relations' [2, p.56]. Actions undertaken within the first sub-region help the employees concentrate on the primary goals and values realized by the territorial units, but above all aim to unify those plans and goals with the individual goals of the employees.

The other sub-region of the internal marketing, also called "the broad understanding of the internal territorial marketing", refers to the relations between a local government unit and the local community and organizations operating within the premises of that local government unit. The local community is of the utmost importance in this segment of marketing. "The aim of marketing activities directed at the local community is to shape its group identity and internal bonds, and stimulating its engagement and participation in managing the municipality, solving its social, political, economic, financial and ecological problems" [3, p.9; 4, p.37].

Actions undertaken within the scope of the external marketing, in the broad sense, are aimed at attracting domestic and foreign investors as potential receivers of locally offered services. The other addressees of this type of marketing include tourists, students, educated employees or residents of other territorial units' [3, p.10–11]. However, local officials are mostly interested in the external investors who can bring money to cities or municipalities. Investors setting up businesses within premises of cities or town, also create job opportunities for local communities thus contributing to decreasing the unemployment. Cities today use a variety of marketing tools to attract new investors, like identifying potential advantages for future investors and presenting offers that are competitive to others coming from other territorial units [4, p.2].

It is necessary to remember that attracting external investors is related to the internal territorial marketing and the mentioned actions aimed at the work of employed office workers. Positive relations between prospective investors and office workers may contribute to forming partner relations based on mutual trust. This may in turn help build a positive image of a city that is investor-friendly and open to new challenges.

From the social point of view each form of partnership, regardless whether it is between natural or legal persons, is of essential importance. The relations between local governments and economic entities and other institutions are particularly significant since their cooperation helps to achieve their individual goals but also improves the city's infrastructure. The cooperation of local authorities and their relations with the business and non-business areas is regulated by the law, but the

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partner relations formed along the way usually give better results. This is why, the idea of partnership defined as a set of harmonized actions should become a part of the development strategies of cities and regions. The main task of a city in a particular region is to create a friendly environment which is conducive to fulfilling the needs of its residents and other interested parties [2, p.59].

Quality of services provided by local government and its support are among the factors, which have an impact on development of SMEs in smaller cities aside of macroeconomic conditions, capital, viability of business idea or personal characteristics of an entrepreneur [1, p.286]. Local authorities should strive to build good relationships with business that is meant administrative support for efficient troubleshooting, provide direct and indirect financial and legal assistance, consultation, training and other forms of support for the development of entrepreneurship in their area [2, p.56]. Many studies have pointed to the poor quality of administrative services of local government. Lack of competence, long delays, and excessive bureaucracy are often noted among the top barriers to the development of SMEs [3, p.9; 5, p.37]. Under the conditions of globalization and significant expansion of the use of technologies by the public sector that increases the efficiency of organizational pressure, the need of implementation of modern management methods in order to improve the quality of public services (including the monitoring) is widely recognized [3, p.10–11]. This task means creating a totally different culture of continuous improvement in public institutions, using management methods being practiced in the private sector [4, p.2]. High quality administrative services for investors contribute to the economic development of an entire region.

The main objective of the research is to identify, analyse and evaluate the quality of services offered by local administration and level of satisfaction of local entrepreneurs and other stakeholders in terms of development prospects for investments.

The principal aim of our study was to evaluate the relations between entrepreneurs and local authorities and to identify the common ground for joint enterprises and expectations arising from them. The study was carried out in Poland in a north-eastern town with a population of 20 thousand. The method used in the study was the online poll based on a questionnaire. The questionnaire was sent to 50 businesses, 46 of them were returned, each fully and correctly filled in. It consisted of questions about identifying features of the respondents, the significance of relations between businesses and local authorities and its evaluation. We also asked who initiates the bilateral relations and what do the businesses expect from the local authorities.

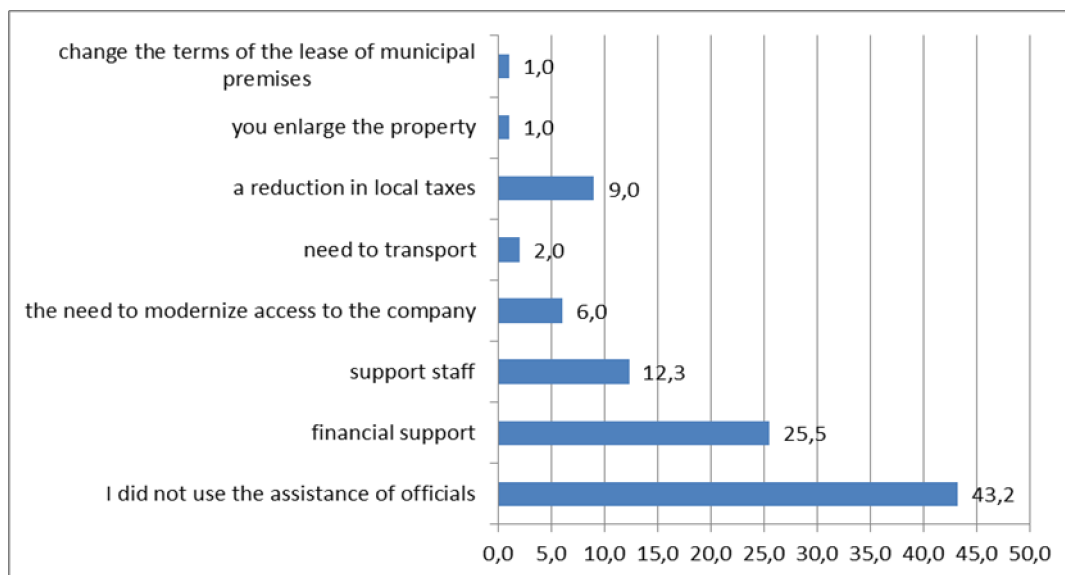
## **2. Results of study**

Besides the factors conditioning the formation and development of MSP in towns like macroeconomic environment, capital, a business idea or possessing entrepreneurial qualities, there are other elements of key importance: the favorable disposition of society and the aid of local authorities. Thus, the local authorities have to endeavor to build good relations with the economic entities, utilize the indirect and direct financial and legal aid, consult, organize workshops or other forms of support for the entrepreneurial development in the region.

Based on the results of the poll, it is clear that the questioned businesses have both, formal and informal relations with the local authorities. But when asked to specify the kind of relations, nearly half of the respondents (47,83%) indicated the formal type of relations. Almost one third of the respondents also have personal contacts with the officials. Over 13% stated that their relations with authorities are mainly connected with the businesses they run. A similar part of the respondents indicated that they take active part in the life of the town. Only a few of the respondents emphasized that they realize joint projects with the authorities or support local enterprises. None of the respondents participates in the promotion of the town or sponsors enterprises organized by the town.

Almost 44% of the respondents declared that they never sought help from the authorities to solve problems in their businesses. Other entrepreneurs turned to the authorities in matters connected with hindered access to their own premises, local taxes, transport of employees or lack of specialists on the local market. The majority of the respondents claimed never to have received any help from the

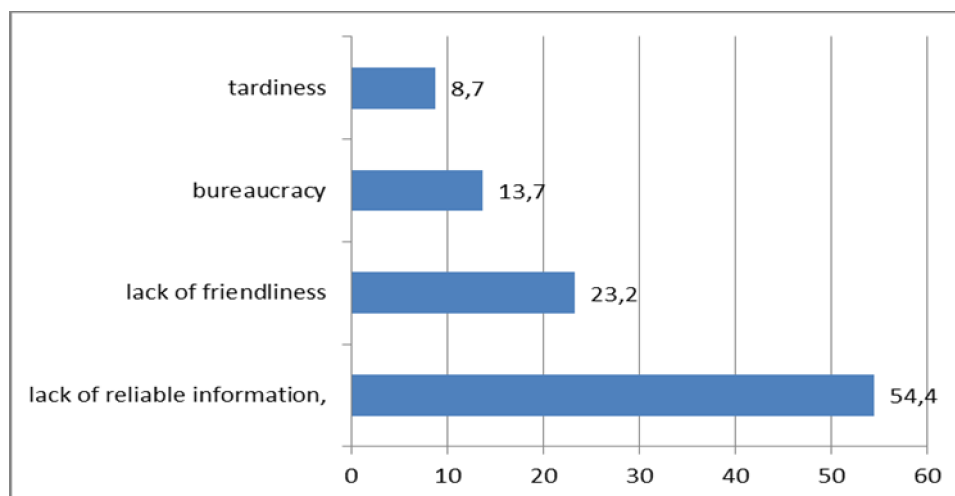
office workers (Fig. 1).



**Fig. 1. Problems reported to the Municipality (in %)**

Source: own analysis based on research

Many respondents pointed to the fact that the numerous difficulties in contacts with the office workers resulted from the bureaucracy and lack of good will on the part of the office workers (Fig. 2). Among the main difficulties mentioned by the respondents were lack of reliable information (56,52%), indolence of office (21,74%), excessive bureaucracy (13,04%) and lack of good will on the part of the office workers (8,70%).



**Fig. 2. Difficulties in contacts with the Municipality (in %)**

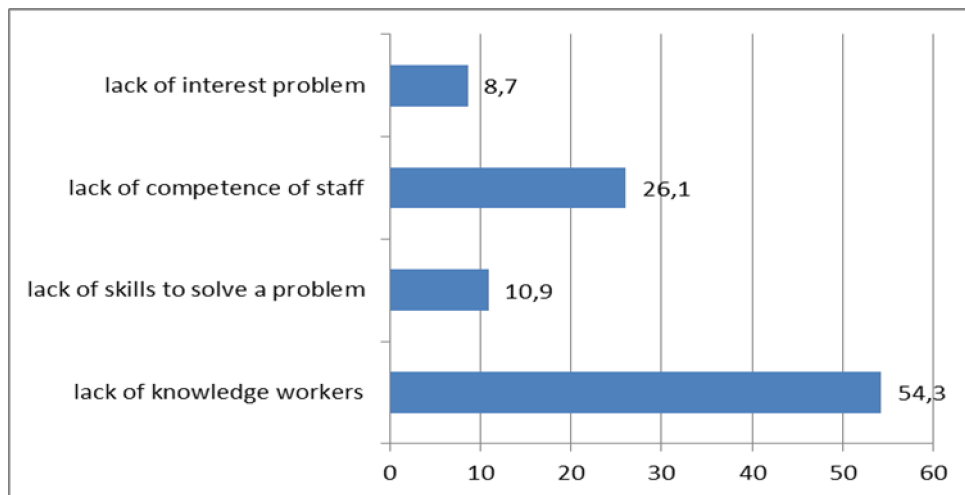
Source: own analysis based on research

The presented problems and difficulties related to the quality of contacts with the municipality and its workers are a real hindrance in building mutual relations and initiating joint ventures. Entrepreneurs often visit the municipality to gain business information and not only to deal with legal matters. 54,35% of the respondents found it difficult to receive from the office workers information necessary to open and run a business. The office workers claimed that they did not possess such information (Fig. 3).

Over 26% of the respondents claimed that they had been refused the help because the office had not been formed for that reason. Only 10,8% of the respondents received necessary information.

An important element in building of a friendly environment for developing local business are office workers in the local government. The quality of customer service in any office depends not only on

the knowledge of its workers but also their disposition and personality characteristics. Over 60% of the respondents claimed that the atmosphere in the local government offices was unfriendly.



**Fig. 3. Behaviours of the office workers on encountering business questions from entrepreneurs (in %)**

Source: own analysis based on research

When asked about the office workers’ behaviours while dealing with questions from the entrepreneurs taking part in our study, the most common answers were “we were sent from one room to another” (41,3%). 21,74% of the respondents saw a problem in the lack of clear criteria and 36,95% believed that dealing with the problem was taking a lot of time. Over 6% claimed that no one even tried to help them when they came to the office. Only a little above 15% of the respondents said that their problem they came in with to the municipality offices were dealt with quickly and efficiently. For 17% of the respondents office workers were unfriendly and 15,23% of the respondents thought they were incompetent. Contrary to this group of respondents, 19,56% of the respondents believed that the office workers were well-behaved, 6,52% thought they were competent and 10,87% thought they were helpful. Patience and friendly disposition was indicated by, respectively, 2,17% and 4,35% of the respondents.

The significant element of our study was to find reasons for bad relations between entrepreneurs and local authorities. The respondents gave a number of possibilities, but the collected data do not indicate one essential reason of bad relations. Nearly 30% of the respondents are convinced that the local authorities need them only at the time of elections. 21,74% believe that the lack of clear standards and regulations may be a problem when it comes to office workers’ behaviour. Other reasons were lack of trust in local authorities (15,22%), incompetence of the officials (13,04%) or prioritizing friends over regular customers (10,87%). A little over 10% of the respondents believe that the officials only care about their own business. However, none of the respondents was in a situation where some important information for their line of business was intentionally concealed.

Improving the quality of services provided in local government units is to improve service standards, increase the competences of employees and increase trust in the local government.

### 3. Conclusions

Based on opinions gathered from all the entrepreneurs taking part in our study, the relations between them and local authorities are both formal and informal. However, problems encountered in contacts with the municipality and its workers are a hindrance in building mutual relations and joint ventures. Visits to the municipality do not only arise from the need to deal with legal matters, but also to gather business information. The respondents have generally a negative opinion about the relations with the local authorities. Many of them think that the reasons are a lack of standards, reliable information and willingness to help on the part of the office workers.



**Fig. 4. Determinants of improving the quality of public services (in %)**

Source: own analysis based on research

Entrepreneurs point to the need of elaboration of procedures for communication and cooperation with SME, especially concerning investments. Assessment of the local authorities officials work regarding SME is far from good. The main problems include: long delays, lack of competence of the officials, absence of standards for handling various issues. Business sees the necessity for continuous bilateral efforts being made for improving the relations in order to build them mutually beneficial. Officials expect honesty and assistance in solving problems. The improvement of the services provided in quality level local government creates opportunities for business development. In this situation it is necessary to improve: the qualifications and skills of employees of the City Hall as well as the creation and development strategy of the region, the development of attractiveness of the region at the expense of more active local business and cooperation with local authorities.

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## Summary

The main objective of the research is to identify, analyse and evaluate the quality of services offered by local administration and level of satisfaction of local entrepreneurs and other stakeholders in terms of development prospects for investments. The main problems include: long delays, lack of competence of the officials, absence of standards for handling various issues. Business sees the necessity for continuous bilateral efforts being made for improving the relations in order to build them mutually benefit. Officials expect honesty and assistance in solving problems.

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