

TERRITORIAL MARKETING AS A TOOL FOR BUILDING COOPERATION OF LOCAL AUTHORITIES WITH INVESTORS

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1. Introduction

Marketing has become increasingly popular in achieving mission and strategic goals of local governments [1, p.210]. This evolution has resulted in development of territorial marketing, which is divided by many authors into internal and external parts. While the former (internal) is aimed at governing relations between local government, residents and various regional organizations [2, p.216; 3, p.346; 5, p.19], the latter (external) deals with promotion of entire community, directed to attracting investors, tourists or students [4, p.293].

The necessity of marketing as a tool of achieving their mission and goals gradually penetrates into local authorities. The success of territorial marketing is crucially dependent upon relations of local governments with their external environment including business. Properly formed relationships, based on trust and partnership, contribute to build a positive image of a community as friendly and open to changes [2, p.217].

The level and dynamics of development of an area such as a municipality or city is assessed against other administrative units (other municipalities or a voivodship) and then compared to the national rates. The benchmark, especially for particular communities, for developmental changes in the technical, technological, cultural, economic and social spheres is the level achieved by the developed countries.

The process of globalization and the development of knowledge and services as well as the advance in innovation are usually more noticeable in agglomerations and thus make the reference points for development evaluation less attainable for local environments. This growing gap in the pace of development between different areas makes it necessary for the local communities to be up to date with the information about global changes in order to be able to define their own goals and ways to achieve them. A local government unit has to act in such a way that the behavior of the local residents is in agreement with its best interest. This is why it is becoming more and more popular for local government units to implement the rules of territorial marketing.

While using the rules and tools of territorial marketing, it is important for relations between local governments and economic entities to be based on partnership and trust. Proper relationships contribute to creating a positive image of a city which is investor-friendly and open to environmental changes. Besides, it would be ideal if the individual goals were not in contradiction with the goals of local communities. The aim of the study is to identify, analyze and evaluate the attitude of entrepreneurs towards cooperation and relations with the local government authorities. The study attempts to assess the instruments of territorial marketing in use and their impact on the investment. 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 initiated the bilateral relations and what the businesses expected from the local authorities.

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2. The cooperation between entrepreneurs and local government as a condition for good relations conducive to development

The significant element of our study was to find reasons for bad relations between entrepreneurs and local authorities. The respondents were given a number of possibilities, but the collected data did not indicate one essential reason for bad relations (Fig. 1)

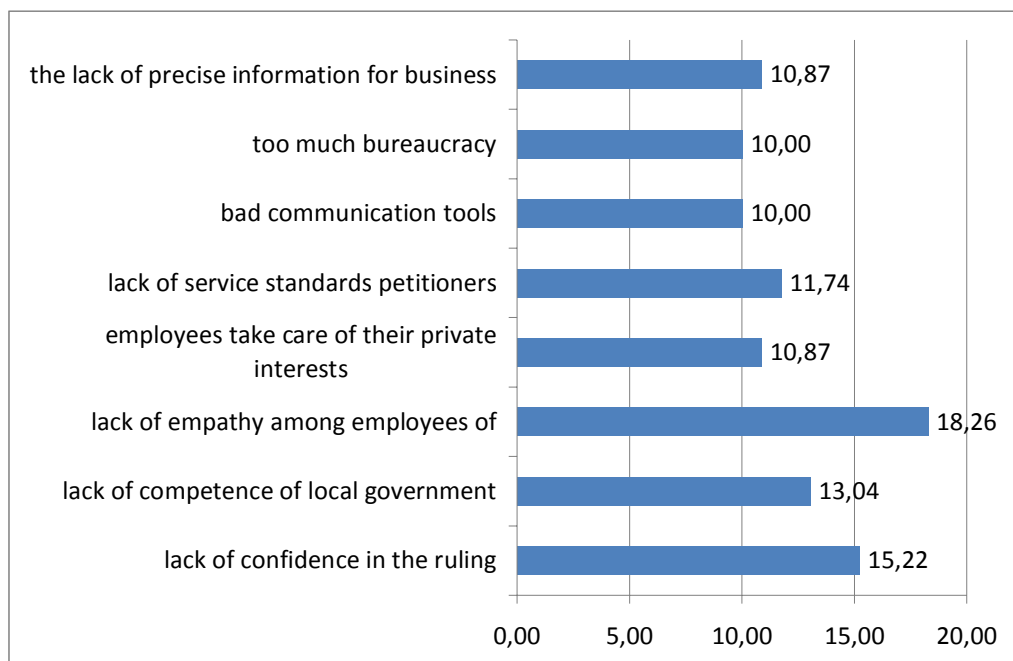


Fig. 1. Reasons of bad relations with local authorities

Source: own analysis based on research

Data in Fig. 1 indicate that nearly 30% of the respondents were convinced that the local authorities needed them only at the time of elections. 21.74% of the respondents believed that the lack of clear standards and regulations may have been a problem when it came to office workers' behavior. Other reasons were a 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 believed that the officials only cared 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.

From the social point of view, each form of relations between entrepreneurs and local authorities is of significant importance. The respondents also indicated the most essential reasons for cooperation.

As Picture 2 shows, 30.43% of the entrepreneurs believed that their business required cooperation with local authorities. 23.92% of the respondents indicated that there were mutual advantages resulting from the contacts with the Municipality. Also, 26.08% of the business owners remained in contact with the local government because they believed that its decisions may have influenced their business. 8.69% of the respondents simply believed that the contact with local authorities was necessary and 4.35% believed it was important for the good of the city.

The entrepreneurs taking part in the study were also asked to name the factors or people who initiated their relations with the local authorities and factors hindering those relations (Fig. 3). More than a half of the respondents (51.61%) claimed that they initiated the contact. More than one fifth of the respondents indicated that some other economic entities encouraged them to initiate their relations with local authorities. Among the initiators the respondents also listed their acquaintances employed in the Municipality (13.95%), members of the local government (6.98%) and members of the municipal board (4.67%). A little over 2% of the respondents participated in creating a development strategy for the city.

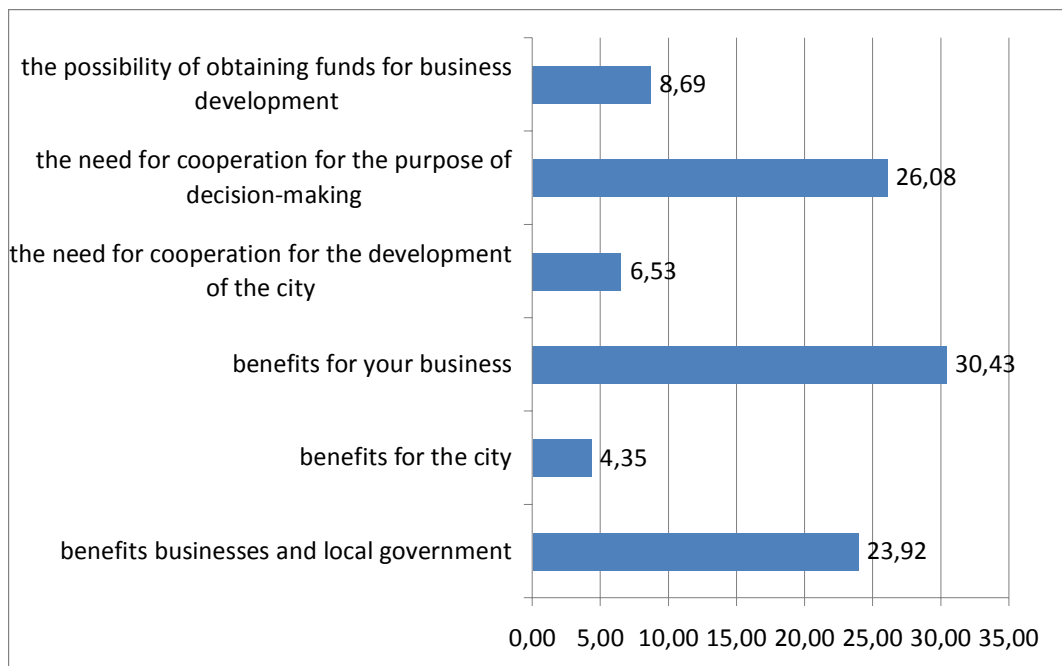


Fig. 2. Reasons for building relations with local authorities

Source: own analysis based on research



Fig. 3. Factors conducive to creating good relations between the entrepreneurs and local authorities

Source: own analysis based on research

Entrepreneurs who saw the need to cooperate with local government units indicated many areas where such cooperation would be possible. More than a half of them believed that one of the most important enterprises would be the promotion of the city. Other important relations were the mutual support and realizing joint enterprises (47.83%), strictly business relations (43.48%), mutual participation in the city events (36.96%) and formal relations (32.61%). Among less important forms of relations were personal contacts (65.22%) and sponsorship (47.83%). Realizing common projects (41.30%) or occasional meetings (34.78%) were unnecessary according to the respondents.

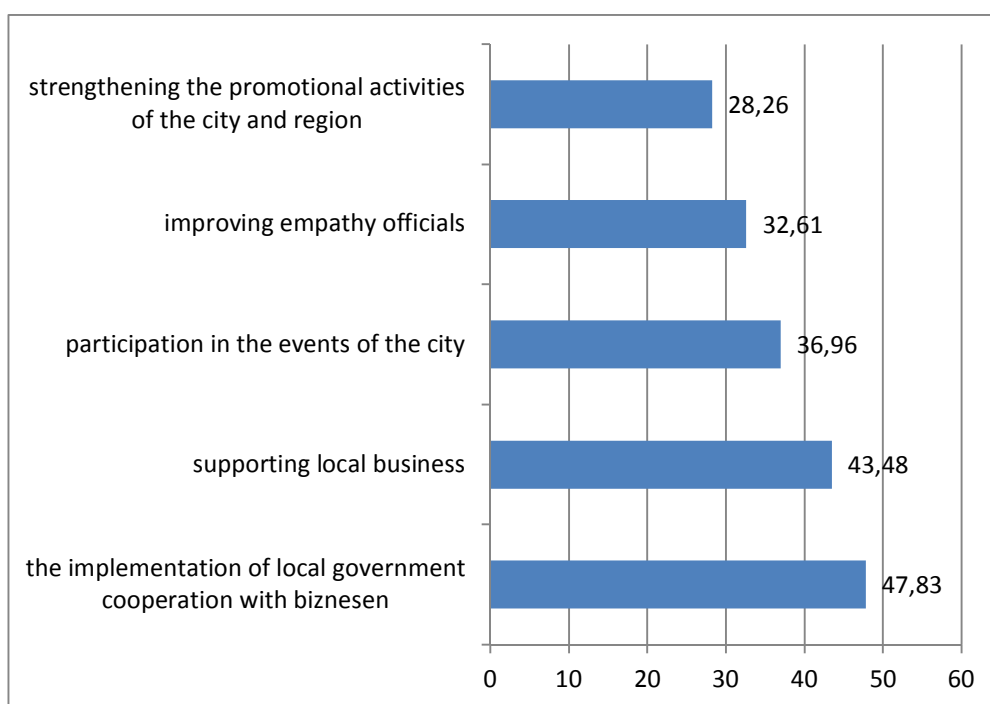


Fig. 4. The entrepreneurs' expectations towards local authorities

Source: own analysis based on research

The data presented in Fig. 4 shows that the expectations of the entrepreneurs towards the local authorities should be an important signal for local officials to improve customer service and map the direction of the development of the whole territorial unit. The entrepreneurs expect the local authorities to become more involved in organizing trainings for their employees, finding specialists and supporting some business sectors or improving infrastructure. The respondents also see the necessity to constantly improve their business skills and to promote initiative. Business possibilities may also be improved by promoting the city (28,26%). Unfortunately, more than 6% of the respondents claimed that judging from the previous experiences with the local authorities, they no longer had any expectations towards them.

3. Conclusions

The respondents in our study presented a negative evaluation of the local government. Many believed that the main reason was the lack of procedure standards and reliable information, as well as the unfavorable dispositions of the office workers. The contacts with the local government were usually initiated by the entrepreneurs. The majority of the respondents claimed that they were striving to build relations with the city officials for the good of their businesses, the city and the local residents. Although their evaluation of the relations was negative, the entrepreneurs still saw the necessity to improve them not only for the benefit of their own businesses but also for the local government and community. The study shows that entrepreneurs have mostly negative assessment of local authorities. Among marketing tools, only promotion and advertising activities have been noted in use in surveyed municipalities. Local authorities rest passive when communicating to business – initiative always belongs to entrepreneurs.

Despite such an unfavorable assessment of relations with local authorities, business recognizes the need of continuous efforts aimed at improving the relations that are to become not only mutually beneficial, but also contribute to prosperity of community. Joint ventures and initiatives, training and incentives for entrepreneurship are considered among top expectations of business from local government. They talked about joint enterprises, supporting them in improving their business skills through training, promoting initiative and realizing common projects. They expected honesty and

help from the office workers. Based on the collected data, we have come up with the following conclusions:

- The respondents see the necessity to co-create with local authorities the image of the city that is friendly towards its own residents, visitors and, particularly, potential investors.
- The relations between the local authorities and entrepreneurs should be improved for the common good of the city and all its residents.
- The positive atmosphere of cooperation may be achieved through active help of the office workers in setting up and running new businesses.
- It is necessary to train the local government workers so that they can offer professional aid in all kind of situations.
- The further development of good relations and business possibilities may be facilitated by joint participation in city events and building development strategy of the city where the economic activity will be prioritized.

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Summary

The aim of the study was to identify, analyze and evaluate the attitude of entrepreneurs towards cooperation and relations with the local government authorities. The study attempted to assess the instruments of territorial marketing in use and their impact on the investment.

The study showed that entrepreneurs have mostly negative assessment of local authorities. Among marketing tools, only promotion and advertising activities have been noted in use in surveyed municipalities. Local authorities rest passive when communicating to business – initiative always belongs to entrepreneurs.

Keywords: local authorities; cooperation; territorial marketing.

JEL classification: M310, L740

UD classification: 339.138:69:330.322

Date of acceptance: 17.11.2015.