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THE ESSENCE AND SPECIFICS OF THE SERVICES MARKETING SYSTEM IN THE MECHANISMS OF PUBLIC ADMINISTRATION

The article develops theoretical and methodological framework for organization of a services marketing system within the mechanisms of public administration. The essence of the "services marketing system" definition is revealed. Principles, functions and structure of the services marketing system within the mechanisms of public administration are analyzed. Features of the services marketing system within public administration are explained; a model suggested is aimed at forming an optimum relationship among its elements; and the key directions of its further transformation are determined. The paper also describes the basic contradictions that the services marketing system within public administration is intended to resolve.

Keywords: services marketing; public administration; matrix structure; public authority.

JEL classification: Z18; Z19.

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СУТНІСТЬ ТА ОСОБЛИВОСТІ СИСТЕМИ МАРКЕТИНГУ ПОСЛУГ У МЕХАНІЗМАХ ДЕРЖАВНОГО УПРАВЛІННЯ

У статті розроблено теоретико-методологічні засади організації системи маркетингу послуг у механізмах державного управління. Розкрито сутність та визначено поняття «системи маркетингу послуг». Проведено аналіз принципів, функцій та структури системи маркетингу послуг у державному управлінні. Досліджено особливості системи маркетингу послуг у механізмах державного управління, запропоновано її модель, яку призначено для формування оптимальних відношень між її елементами та окреслено ключові напрями її подальшої трансформації. Сформульовано основні суперечності, котрі покликані розв'язувати система маркетингу послуг у механізмах державного управління.

Ключові слова: маркетинг послуг; державне управління; матрична структура; орган державної влади.

Рис. 1. Табл. 1. Лім. 14.

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СУЩНОСТЬ И ОСОБЕННОСТИ СИСТЕМЫ МАРКЕТИНГА УСЛУГ В МЕХАНИЗМАХ ГОСУДАРСТВЕННОГО УПРАВЛЕНИЯ

В статье разработаны теоретико-методологические основы организации системы маркетинга услуг в механизмах государственного управления. Раскрыта сущность и определены понятия «системы маркетинга услуг». Проведен анализ принципов, функций и структуры системы маркетинга услуг в государственном управлении. Исследованы особенности системы маркетинга услуг в государственном управлении, предложена ее модель, предназначенная для формирования оптимальных отношений между ее элементами и определены ключевые направления ее дальнейшей трансформации. Сформулированы основные противоречия, которые призвана решать система маркетинга услуг в механизмах государственного управления.

Ключевые слова: маркетинг услуг; государственное управление; матричная структура; орган государственной власти.

Problem statement. Development of Ukraine as a democratic state requires the fastest possible implementation of new criteria for assessment of authorities perform-

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ance and improvement applying the most advanced technologies for assessing the quality of services provided from the perspective of citizen satisfaction. As of today, scholars have already worked out and keep developing a number of options and ways of introducing marketing tools into public administration activity, in particular, in the sector providing consumer services. At the same time, mechanisms of public administration are in the state of constant development or continuous changes dictating the need for expansion of their sociocentric functions by developing new or updating the already existing approaches to marketing. Examination of this process in the context of implementing a services marketing system into public administration remains an underresearched aspect.

Thus, there is a long-felt need to develop and introduce into the services sector an integrated services marketing system that can be defined as a set of internal structural services, divisions, sections composed of experts engaged in development and implementation of managerial decisions concerning individual areas of marketing activity in the services sector, and this determines the purpose of this paper.

Review of recent research papers on the issue. Systematization of practical aspects regarding the introduction of marketing tools into the mechanisms of public administration was reflected in works by many domestic and foreign scholars, such as L. Balabanova (2004), I. Kovalevich (2008), O. Laschenko (2005), S. Semeniuk (2010), Y. Romanenko (2014), K. Romanenko (2010), Y. Romat (2003), A. Fedorchenco (2009), I. Chaplay (2015), S. Pogodayev (2013) and others.

The research objective is to reveal the contents of the services marketing system in public administration and provide action-oriented recommendations on its implementation.

Key research findings. The prerequisite for authorities' performance assessment lies in the overall unsatisfactory process of reforms implementation, important for Ukraine, in various life spheres, in particular, in the area of social service delivery. The key problems are as follows:

- social and consumer services;
- psychological services;
- socio-educational services;
- socio-medical services;
- socioeconomic services;
- legal services;
- job placement services;
- information services;
- other social services.

If we ask specialists engaged in social services provision to individuals who got into difficult life circumstances all of them will confirm that Ukraine is actively carrying out a reform of the social service system. The central documents underlying this reform include the Law of Ukraine "On Social Services" (19.06.2003, # 966-IV) and Order of the Cabinet of Ministers of Ukraine of "On the Strategy for Reforming the Social Service System" (8.08.2012, # 556-p).

But do state executive authorities and local governments really manage to upgrade the existing social service infrastructure and build up a competitive market of the above services by introducing an incentive mechanism encouraging entities pro-

viding social services to continuously raise the level these services quality (which is the strategy's objective actually) and create equal conditions at the social service market for the entities providing such services (Strategy's implementation principles)?

Unfortunately, the findings of the 2013 survey of social service recipients conducted by the Center for Advanced Social Studies of the Ministry of Social Policy of Ukraine showed a relatively unsatisfactory level of quality of social services provided to Ukrainian population. The respondents were asked to assess forms, content, and steps of the social service delivery process, evaluate the list, scope, quality etc. of the services provided, personnel qualifications, financial and logistical support for service delivery entities, and determine the quality of the services rendered (Table 1).

Table 1. Receivers' assessment of the social service delivery process components, %, adapted by the author based on the findings of the Center for Advanced Social Studies, Ministry of Social Policy of Ukraine

#	Assessment criteria	Completely satisfied	Rather satisfied	Rather unsatisfied	Not at all satisfied	Difficult to say
1	List of services offered	50.9	33.1	2.5	0.4	3.6
2	Service delivery periodicity	45.4	35.1	5.7	0.5	2.5
3	Scope of services provided	52.9	31.2	3.2	0.2	3.7
4	Quality of services provided	64.8	23.1	1.3	0.4	2.2
5	Staffing level	34.7	29.6	5.2	0.2	15.3
6	Personnel skills level	52.1	28.3	1.6	0.9	7.8
7	Personnel goodwill	80.8	13.9	0.4	0.2	0.5
8	Responsiveness to receiver needs	63.1	26.4	1.3	0.4	2.2
9	Information support	16.6	21.7	12.1	2.2	21.9
10	Conditions in the institution	21.4	8.4	1.8	2.6	2.5
11	Overall satisfaction with the service delivery process	29.6	31.5	1.6	0.2	2.1

Thus, a need arises to develop and introduce into the services sector an integrated services marketing system that can be defined as a set of internal structural services, divisions, sections composed of experts engaged in development and implementation of managerial decisions concerning individual areas of marketing activity in the services sector (Balabanova, 2004).

The services marketing system in public administration represents that link in management of public administration mechanisms, which, together with productive, financial, social and other activities, creates a single integrated process targeted at customer satisfaction in the course of receiving government services (Borshchevska, 2012).

It is our opinion that its activity should be based on such marketing principles as:

- informativeness – the services marketing system should imply a continuous process of harmonization and coordination of marketing communications in order to keep the public fully informed of the results;

- constructiveness – management of quality of the entire services marketing system, at each hierarchical level of its organizational structure should be exercised based on the constructivist approach to management;

- operativeness – availability of reasonable specialization, no duplication of functions, clear-cut allocation of powers, marketing activity management information assurance, controllability;

- exemplariness;
- demonstrability;
- professionalism – staff strong qualifications and their continuous special retraining, involvement of experts and scholars etc. (Kovalevich 2008; Balabanova, 2004).

There is no universal pattern for organization of services marketing. There are many types of organizational structures in classical (corporate) marketing practices, which can underlie it.

In the classical sense, 5 types of organizational structure of marketing system are distinguished: functional, geographical or regional, commodity, market, matrix and some combinations of the types listed above (Laschenko, 2005).

Let us analyze each of them from the perspective of public administration and identify the most suitable one for the marketing system of the services rendered by public authorities.

The functional structure of the marketing service provides primarily for allocation of responsibilities among structural units of a government body with respect to performance of certain marketing functions (planning of a public service, marketing research, advertising, servicing etc.).

Each functional unit is headed by a head of department (advertising department, marketing research bureau etc.), which sets standards and publishes results of the services provided, as well as ensures their accountability.

Product structure of a marketing service provides for availability of more than one head of marketing responsible for formulation of market strategies regarding implementation of government services' delivery process.

Commodity organization of marketing departments can be introduced at large government enterprises, institutions, organizations with diversified production and promotion of services, based on different technologies of their implementation. (Romanenko, 2014). In case of such organization, due attention is paid to individual commodities and services, that, in turn, complicates the very process of implementing a single marketing program.

Regional structure of marketing services provides for availability of individual departments whose activities are focused on certain regional markets of government services. Regional orientation would be relevant to local governments operating at local markets with clearly delineated boundaries of regions, as well as abroad (European, east European company division etc.). At that, each marketing director is in charge of work with a certain segment of consumers.

The purpose of using such a structure is to meet consumer needs no worse than organizations servicing only one segment of the market. We believe that this structure meets the requirements of consumer-oriented marketing in all areas (Romanenko, 2010). However, it has its weaknesses, since does not ensure that the underlying marketing concept will be accepted in rather heterogeneous public sector. In addition to key types of organizational structures, diverse combinations of these structures are also used: functional commodity structure; functional regional structure; commodity regional structure.

For example, commodity-regional marketing organization combines commodity and regional structures. In this case, government commodity and service managers

are in charge of sales, while market managers are responsible for the development of markets with existing and prospective consumers-customers beneficial for the public administration system. Government services production management departments perform marketing function. The core functions of the authorized representatives assume searching for new product ideas, initiating their development, providing customers with information on products among regions and markets, as well as promoting competition among various service providers. Furthermore, production directors work out recommendations on commodity sales channels, the marketing communications system etc. The matrix structure can be effective in case of a wide range of services furnished by public authorities, a great number of their providers, as well as when a new product is introduced into the market. We argue that matrix structure is the most suitable for adaptation and introduction into the services marketing system. Firstly, according to matrix construction, clear division of functions is established within the services marketing system between the teams of employees that will be engaged in processing information received on the results of internal and external marketing creating thereby information analysis centers, which will specialize in specific areas of marketing activity of a given public authority.

Secondly, this facilitates information accumulation on different forms and standards of government services. Thirdly, we believe that matrix structure will further increase the autonomy of local authorities, which is particularly important considering the current decentralization processes of public administration (Romat, 2003).

Implementation of a services marketing system depends on the kind of activity of a given public authority, product of public administration it offers etc.. It can be simple, as well as very complicated, including many interrelated and complementary elements. The more activities a public authority has, the more multifaceted would be its services marketing system (Figure 1).

The feature of this system lies in a close contact of service provider and consumers. There is a relationship between marketing tools and methods and the increased level of capabilities of a quality management system.

Feedback availability plays a vital role in such a case being achieved through possible functional interaction of authorities with each citizen, with each NGO, and each legal entity in order to ensure their cooperation.

The existence of channels through which authorities receive information on assessment of particular aspects of their activities by population, NGOs, business, and other government bodies serves as a feedback (Romanenko, 2010).

Using feedback, an agent of management, in this particular case – a public authority, also receives information on performance results, on errors and situation changes that can result in failure to perform the assigned tasks or achievement of quite different results.

Today the process of improving cooperation of public authorities with mass media and other organizations in the matters of providing the public with reliable and comprehensive information on the activities of public authorities requires development and adoption of a national communications strategy for the purpose of not only fuller consideration of public opinion but also exercising all-better control over the issues of any violations in the course of using an information array to develop and adopt most grounded and effective public administration decisions.

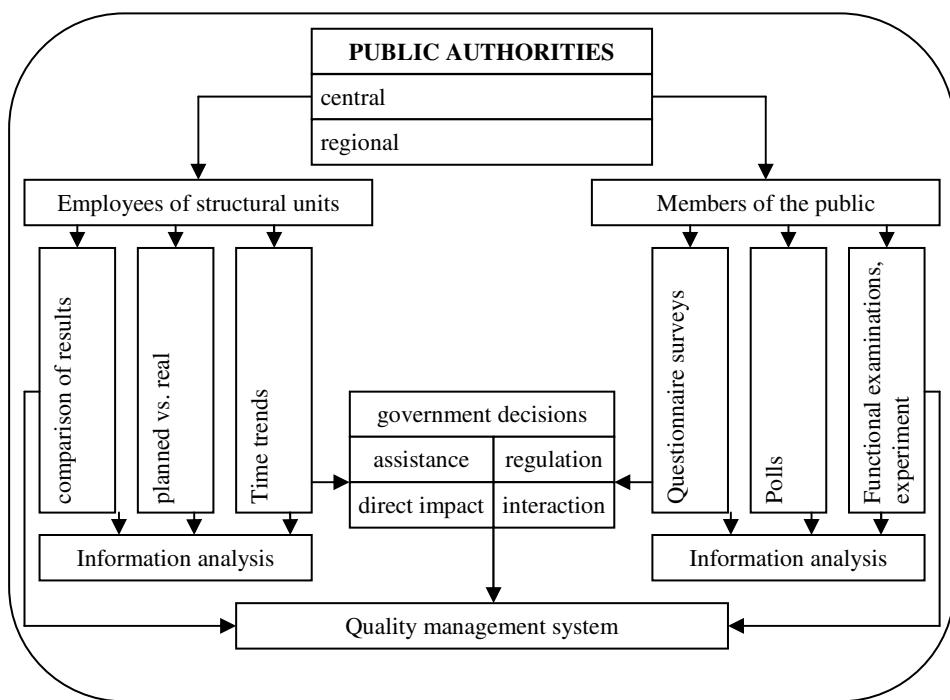


Figure 1. Services marketing system, authors'

Ensuring the exercise of fundamental civil rights and freedoms, their translation from theory into action, securing balanced feedback between citizens and executive authorities and local governments must become one of the primary tasks. After all, as previously noted, improved cooperation of public authorities with mass media and other organizations in providing the public with reliable and comprehensive information on the activities of public authorities requires constant feedback ensuring mutual responsibility for these tasks (Romat, 2003).

It can be also argued that the services marketing system represents an important model of communication with the public and of researching public opinion of government actions. Local authorities must put it into practice through polls, surveys, public hearings, consideration of citizens' appeals, public meetings etc.

Therefore, it should be stated that the time demands introduction into practice of the organizational legal framework of marketing within public administration to ensure balanced feedback between agents and objects of public administration, between the state as a whole and administration agencies, between individual agents of public administration (Semeniuk, 2010).

There is no universal pattern for building the services marketing system organizational structure. Each territorial community, in a certain territory, has unique features that impact all the processes of life activity of its citizens. Therefore, the functional matrix and organizational structure of the services marketing system must be complemented by the reference to all specific features of a given territorial unit (Fedorchenko, 2009).

The purpose of its further implementation must consist in: assistance in raising the level of citizens' satisfaction with the services received, solution of other socio-economic problems. Also, implementation of the services marketing system can ensure the resolution of such important issues as:

- improving life quality for various social groups of population;
- building human resources capacity complying with the principles of marketized mechanisms of public administration.

In the area of information and analytical research and external markets, one can distinguish the following functional responsibilities of the services marketing system:

- tracking the process of rendering government services, of deficiencies in rule-making and law-making and also in the related documentation;
- formation of a methodological framework based on research into business cycles and government services market capacity;
- establishing and servicing a marketing information database;
- information and advisory support for authorities and economic entities as a result of delegation of some of their powers to citizens' social institutions.

In the area of working with target consumer groups, the services marketing system will act to improve economic effectiveness and public efficiency.

In this particular case, economic effectiveness is a criterion characterizing the ratio of the government services rendered and costs (in money terms) of their delivery (Chaplay, 2015).

As to public efficiency, it is suggested to treat it as a criterion characterizing the degree of achievement of socially significant effect in relation to quality and volume of services provided by a given public authority. The higher effect is achieved while rendering services equal in quality and volume, the higher would be the public efficiency of the activities of a state institution.

It plays a supplementary role for non-commercial entities, since it fosters further development of the key area – non-commercial (non-profit) activities. Heads of commercial entities are responsible to founders for social efficiency of business, mainly from their impact on profitability. Social effect in case of business activities interests an entrepreneur only in terms of opportunities for fulfillment of a selected corporate mission and formation of a positive image in the consciousness of consumers, the general public and other contact audiences.

For non-commercial entities, social or socioeconomic effect is the main result of activities, their level of funding and incentives on the part of the state depending on the size and significance of a result. In final analysis, volume and significance of social effect for the society as a whole or for its individual segments must determine the very possibility of existence of any given non-commercial entity (Pogodayev, 2013).

Conclusions. Summarizing all the above it should be concluded that the dynamics of economic, geographical, demographic and social changes in the society requires an innovative approach to solution of challenging socioeconomic problems that might assume the introduction of a services marketing system into the mechanisms of public administration.

Implementation of a services marketing system in practice of various spheres of the public sector needs proper institutionalization. Now organizational structure of local government bodies does not include a unit that would perform such marketing

functions, therefore the primary focus in this paper is just on the organizational-legal component of this process. Positioning in the market environment plays an important role at this initial stage of development. In the context of further research it is necessary to identify the needs of various social groups and provide them with appropriate solutions.

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