Public Sector Intervention in a Period of Crisis: Study Based on Applied Relationship Marketing Principles

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Abstract:

Purpose: This article studies the public sector's reaction faced with the COVID-19 pandemic and proposes tools and recommendations based on relationship marketing communication principles.

Design/Approach/Methodology: To carry out this study, interviews were conducted based on a conversation guide through which data were collected from officials of public institutions and private individuals who work closely with the public environment, inquiring about crisis responsiveness and the efficiency and effectiveness of communication channels used. A literature review was used along with the semi-structured free discussion; the technique employed is that of the in-depth interview based on the conversation guide tool.

Findings: Crises change lives and perceptions. Once regarded as a barrier to freedoms and free markets, governments and the public sector are now called upon to intervene in the crisis and ensure continuity amidst the worst economic crisis in a century and the worst crisis in the world of work since the Second World War. The public system’s strengths and weaknesses become apparent, and a generalized need for building up resilience and responsiveness and improving adapted communication is identified.

Practical Implication: This article contains clear references to how public institutions can improve crisis responsiveness and communication, based on a relationship marketing approach.

Originality/Value: To carry out this study, 42 interviews were conducted with officials from public institutions and private individuals in Europe and the United States, creating an overview of institutional communication in crisis times and comparing the results with previous literature findings. Good responsiveness and communication are now more important than ever, as work and exchange of information are done remotely in most sectors.

Keywords: Relationship marketing, communication, COVID-19 pandemic crisis, public sector, qualitative research.

JEL: M31, M38, G28.

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1. Introduction

During the COVID-19 crisis, when social distancing was imposed, professional activity moved online. Professionals who could continue working from home did so, while others had drastic pay cuts, went into technical unemployment, or lost their jobs altogether (Grima et al., 2020). In the case of public administration and governments, the activity had to continue despite restrictions and obstacles. Especially in this sector, the communication channels are very well chosen and verified, the meetings follow specific protocols, and the communication flow has an established circuit. However, officials have had to adapt to new communication patterns and restrictions, so significant changes have occurred in the sector.

Communication underlies all interpersonal, business, and governmental relationships and takes place through three channels: verbal, nonverbal, and paraverbal. When communication occurs only through a single communication channel, the information can reach the receiver altered, which is especially dangerous for professional relations in the public administration field. Given that interaction between intra-governmental organizations is rather slow, having to follow pre-established steps, protocols, procedures and often use intermediaries tends to clash with smooth communication. A reconsideration of communication flows between intra-governmental organizations could be an effective long-run strategy to improve efficiency.

2. Literature Review

Traditional marketing focused for a long time on teaching how to use a toolbox, instead of discussing the meaning and consequences of the marketing concept, the process of market relationships, exploring the nature of these relationships, and genuinely catering to the needs and desires of stakeholders (Grönroos, 1994). It is therefore proposed to imagine a marketing strategy continuum (Grönroos, 1991), where relationship marketing is placed at one end of the continuum and transaction marketing at the other end of the continuum, or a mutation between the two (Pop, Petrescu, 2008). The relevance of relationship marketing for strategic planning (Grönroos, 1994) makes it also a relevant concept for resilience building and overcoming crises, such as a pandemic.

The pillars of relationship marketing are "commitment," "trust," "service," and, increasingly, "information technology" (Surej, 2019). Commitment is at the center of relationship marketing research (Addison et al., 2017; Morgan and Hunt, 1994), and it is defined as the "seller's enduring desire to maintain a valued relationship" with its stakeholders" (Verma, Sharma, and Sheth, 2016, p. 209), having the capacity to determine the success of a relationship marketing campaign (Miquel-Romero, Capliure-Giner, and Adame-Sánchez, 2014; Ndubisi, 2007; Moorman, Deshpande and Zaltman, 2006). The second pillar, trust, is defined as the "confidence in exchange partner's reliability and integrity" (Morgan and Hunt, 1994, p. 23). Trust is at the center of the capacity to develop a relationship and let it mature (Miquel-
Romero *et al.*, 2014; Moorman *et al.*, 2006; Verma *et al.*, 2016; Churchill and Surpernant, 1982). Kushwaha *et al.* (2020) emphasize the importance of ethical practices, as privacy concerns and data theft pose a threat. The basis of trust is the delivery and fulfillment of promises, which is indispensable for a healthy public sector climate. The measurement of trust is difficult, although studies using factor analysis attempt (Pop and Pelău, 2017).

O'Malley and Prothero (2004) consider that relationship marketing strategies may have the unintended consequence of making consumers distrustful of organizations than before their adoption. The deterioration of consumers' trust is caused by firms' relational rhetoric, the motives behind customer care and loyalty programs, and marketing techniques considered intrusive and unacceptable. A reason for this is the fact that communication is treated as an unrelated aspect of the company's core business (Lannon, 1995), or, put, as "good PR" (O'Malley and Prothero, 2004).

Organizations' relational language is seen as somehow suspicious and intrusive on privacy and deceitful about mutual benefits and shallow in nature (O'Malley and Prothero, 2004). Thus, in the English speaking environment, for example, studies show that customer loyalty is decreasing in the UK and that complaints management is not effective in generating loyalty (Management Services, 2000). Consumer complaints are at an all-time high in the US, too (Fournier *et al.*, 1998). This adds up to the conclusion that consumers can easily perceive organizations and companies as not delivering on their promises. This challenge is reflected by relationship marketing literature, which focuses on presenting the benefits of practicing relationship marketing for their own structures instead of focusing on stakeholders and clients. On the contrary, trust starts with delivering promises, cooperating, and fostering mutual respect's values. (O'Malley and Prothero, 2004)

Under the effect of the COVID-19 pandemics, the public sector shifted as much as possible towards the online environment (Khan *et al.*, 2020). However, the relationship-building in an online environment is subject to rule changes (Thaichon *et al.*, 2019), such as:

- **a)** Influencers: the use of influencers to promote products and services; despite ambivalent reactions to influencers, the basic phenomenon is that of confident building personalized communication, transfer of personality, and impression of familiarity and closeness;
- **b)** Technologies and platforms: enhanced reality, virtual reality, big data, artificial intelligence, machine learning are tools which can serve relationship marketing by providing personalized and experience-based interactions with the companies (Kunz *et al.*, 2017). For example, data mining (Ordenes *et al.*, 2014) can be used to perform real-time customer sentiment analysis; blockchain technologies can serve for programmatic advertising and brand protection against counterfeit (Kumar, 2018);
- **c)** Balance between information use and privacy concerns: the use of Big Data has led to better segmentation, targeting, and personalization of offers, but
also greater levels of privacy concerns. Information breaches are confidence breaches, and a negative spiral effect should be avoided, based on which the more firms invest in the data collection technologies, the more the consumer avoids sharing disclosing details about themselves or chooses untraceable methods of social sharing, such as e-mail and private messaging platforms (Martin and Hutchinson, 2018).

As for private companies, the relation with public institutions is based on the added value of the public Institution, on co-creating value with the citizen, as well as on trust and communication (Cătoiu and Ţichindolean, 2012; Gummesson, 2008; Payne and Frow, 2005). Communicating with the citizen is paramount, in particular, to counteract disinformation. Like the communication flow of private companies, public institutions' communication covers two aspects (based on Henning-Thurau and Hansen, 2000) 1) managing citizens' information responsibly and respectfully and 2) making use of new informational technologies and new media.

Combating corruption and fostering commitment and loyalty are key aspects of a healthy public system (Dimant and Tosato, 2017). As pointed out by Söderlund (1999), there are two main influencing factors of loyalty and commitment: an attitude dimension and a behavior dimension (Day, 1969; Dick and Basu, 1994; Kiesler, 1969; Knox, 1998; Lee and Zeiss, 1980; Mowday et al., 1979; Mägi, 1999; Williams and Hazer, 1986). The conceptual model developed by Söderlund (1999) explains why these two dimensions are effective. One reason is that people show greater commitment when they make more effort to obtain something (Cialdini, 1988; Grusky, 1966; Kiesler, 1971). Making a sacrifice or a renunciation can lead to a self-justification pattern and, thus, increase commitment (Kanter, 1968; Farrell and Rusbult, 1981; Lund, 1985; Rusbult, 1983; Salancik, 1977). Participation of the end-user, in this case, the citizen, and their engagement in value creation is a powerful predictor of commitment (White, 1959; Bateson, 1985; Stott and Walker, 1995). The reduced discrepancy between expectations and results is achieved by participating. Consequently, people tend to give less importance to problems when they have already invested in an outcome (Raaij and Pruyn, 1998). These considerations point to the need for public institutions to increase commitment and loyalty by involving citizens in a participatory, voluntary, effort-based engagement in public consultations, policymaking, and handling of crises, resulting in higher cohesion.

3. Methodology

This article uses a descriptive research method, desk research, and qualitative research, using semi-structured free discussion and the technique of the in-depth interview based on the conversation guide tool. Quality and efficient communication are now more important than ever, as, in many economic sectors, people work from home, and the exchange of information is done remotely. Government activity was severely affected. There are clear communication protocols and procedures in public administration that could not be violated, yet the crisis has put some intergovernmental agencies in this sensitive situation. In the desk research, the
authors analyzed public sector institutions' patterns in times of crisis. The research objectives are the following: (1) To study the reaction of the public sector faced with the COVID-19 pandemic and (2) to propose tools and recommendations based on relationship marketing communication principles.

Based on the setting of objectives and the literature review, the following hypotheses formed the basis of the study:

H1: The public sector in Europe and the US reacted in a timely and effective manner to the COVID-19 pandemic;

H2: The public sector’s role in society is confirmed and reinforced by the pandemic;

H3: The public sector adopted tools do not sufficiently apply relationship marketing communication principles;

H4: Fear of irremediable damage is higher than trust in recovery after the pandemic.

To conduct this study, 42 interviews were conducted with officials from public institutions and private individuals in Europe and the United States, creating an overview of institutional communication and comparing the results with previous literature findings. A number of 50 persons were initially contacted, out of which 42 accepted to participate in the study and answered questions based on a semi-structured interview using a conversation guide. The interviews were conducted online, sent by e-mail, or through Skype. Following the answers received, the authors returned to some of the respondents with additional clarifying questions. Anonymity was guaranteed to the participants.

4. Research Results and Discussions

Freedoms and free markets are a top priority in a democratic society. However, governments and the public sector are called upon to intervene and handle the situation (ILO, 2020). The COVID-19 pandemic shows in action one of the main principles of public service, namely the insurance of continuity (UN-DESA, 2020). The pandemic is considered the worst economic crisis in a century (OECD, 2020) and the worst crisis in the world of work since the Second World War (ILO, 2020). The majority of interviewees highlight the importance of service continuity during risk management phases and the public sector's responsibility to ensure this.

Public sector jobs fulfill a crucial role in the labor market as a secure employment model, accompanied by adequate health insurance and retirement schemes (Wolfe and Schmitt, 2018). Public servants intervene at plenty of face-to-face levels, such as the health sector (doctors and nurses), economic and social (labor inspectors), community services (waste collectors), social safety net (social workers, personal care aides), public goods management and law enforcement (police, correctional officers) (ILO, 2020; WHO, 2020). In the European Union, the European Commission reacted with a recovery plan based on investment and recovery
assistance and active support to healthcare, health research, and vaccine development (European Commission, 2020).

In the USA, an estimated one-quarter of the labor force has been disrupted in the first three months of the pandemics (Morath, 2020). Approximately 20 million US jobs have been lost, representing more than twice the total job loss during the Great Recession, which spanned from December 2007 to June 2009 and was followed by one of the weakest economic recoveries ever (Hinkley, 2020). Although private-sector employment increased since May, public sector employment continued its pace of decline. In this context, the public sector is at risk for job losses and precarious economic status due to budget cuts, earnings reductions, and preparations of local governments' financial frameworks (including cities, counties, and school administrations) under conditions of great uncertainty (Hinkley, 2020). The US Government reacted with a stimulus act for funding schools, higher education institutions, and hospitals, along with other proposed legislation for a stimulus package, which encounters difficulties in finding a political compromise (The HEALS Act, 2020; The HEROES Act, 2020).

The stimulus is crucial, as budget reductions bear the risk of determining skilled workers to leave the public services, causing a brain drain. Budgets are additionally strained because of tax revenue reductions caused by declining economic activity, employment, and consumption, coupled with counter-cyclical tax measures. The regional impact of the crisis differs substantially, depending on the region's exposure to trade sectors, global value chains, and specialization, for example, tourism. Regional governments are in the first line of the crisis because of their important responsibilities in health care and hospital management. Their share of total public health expenditure coming close to an average of 25% for OECD countries, followed by social responsibilities, education, public administration, economic development and transport, public order and safety, utilities (waste, water, etc.) (OECD, 2020). A coordinated effort between governance levels and maintaining a long-term perspective of priorities are key coping instruments. The virus's spread is clustered mainly within large cities, which have a high population density, international inhabitants, business travel, numerous schools and group events, and rural areas with high numbers of older adults. However, it is important to point out that density in itself is not the problem, as opposed to density associated with poverty, poor housing conditions, and limited access to health care (Basset, 2020).

The pandemic's rather positive effect is the acceleration of e-governance and digital services planned for future introduction. However, there was a delay or reluctance to introduce them. E-democracy tools such as e-government, e-deliberation, e-participation, and e-voting have become possible to higher degrees in governance institutions. Access to government services through digital portals had already tripled since 2006 in OECD countries, although the degree of digitalization was higher for local services in community planning, construction, tourism, culture, and sports, rather than in social services (de Mello, L., and T. Ter-Minassian, 2020). The digitalization of services is particularly advancing in e-health, via e-prescriptions
and telemedicine in particular, and in e-education. With more than 1.5 billion children outside of school, representing over 60% of the world’s student population, e-education and online courses became indispensable (UNESCO, 2020). Ensuring all pupils’ online classes is challenging, and subsidies in digital devices and internet access are needed to ensure equal opportunities and level the digital divide (UNCTAD, 2020).

A strong majority of interviewees emphasized several major weaknesses in crisis response, among which apparent lack of preparedness or contingency plans, which led to panic behavior and lack of needed supplies and lack of a quick digitalization able to support the health, employment and education sectors. However, an overwhelming number of interviewees affirmed that the governments reacted quickly and decisively. Some compared the current trauma with war and conflict times, highlighting the psychological difficulty in finding the comfort of one’s home to become oppressive. Gratefulness was expressed towards concrete measures taken to alleviate poverty and ensure continuity in basic cleaning, safety, and health services. Considering the overall statements, we can conclude that the hypotheses H1 and H2 are confirmed.

Under the pandemic pressure, it became crucial to access accurate and reliable information about the disease and its parameters and refute myths and misinformation. Misleading information, conspiracy theories surrounding its origins, and unproven cures can prove life-threatening in this context (European Commission, 2020; UN-DESA, 2020). As the UN Secretary-General, António Guterres (2020), puts it: "As the world fights the deadly COVID-19 pandemic - the most challenging crisis we have faced since the Second World War - we also see another epidemic, a dangerous epidemic of misinformation. Under the pressure of the pandemics, technology was used unthinkable before, for example, by performing surveillance, tracking, and generalizing teleworking. This opens a new area of research covering ethical questions regarding the privacy of workers and citizens in the face of monitoring technology and how to use technological advances in a way that cannot be distorted by malicious intentions. By relationship marketing principles, countries with high trust levels in public servants scored high in terms of preparedness to face the pandemic (ILO, 2020).

The ethics and morale stay at the core of the profile described for the ideal public servant: "self-sacrificing, trustworthy, risk-taking, transparent, accountable, versatile, adaptable, creative, innovative, knowledgeable and skilled, persistent, empathetic, collaborative, and competent in the use of technology. Above all, they have a high dose of humanness in their personality, which makes them work for others even at the risk of their own lives" (UN-DESA, 2020). This ideal, heroic profile opens up questions about recruiting staff with vocation, dedication, and commitment and encourages them to pursue current staff training in good communication and relationship building principles.

Considering the overall statements, we can see that the concepts of commitment, trust, service, and information technology, particularly expressed as social media
influence and as surveillance tools, are all gaining crucial importance in the public sector's work faced with a pandemic. Therefore, we can conclude that the hypothesis H3 is disproved.

The International Labour Organization points out that occupational safety and health hazards will become more widespread following the pandemic. Therefore, adequate equipment and supportive professional networks must be reinforced. Employees who are not protected by civil service statuses will also be at risk of precarious living conditions. Moreover, cuts to the public sector workforce are of particular concern for women overrepresented in the public sector (Hinkley, 2020). However, most interviewees maintain a positive outlook over the future and trust that the public sector will provide support, safety net, and flexibility measures when in need. Therefore hypotheses H4 is disproved.

The interviewed public officials emphasized how to improve the communication and relationship building of public institutions, particularly in a crisis context. We insist on presenting them below in an attempt to provide a pragmatic toolkit for improving crisis responsiveness from a relational standpoint:

**Improve communication:**

- ensure consistency in communication;
- implement a more proactive approach, clearer explanation of measures and faster reactions;
- do not stop daily media communication; use more classical TV communication, which is still very far reaching and effective, in particular in non-digitised areas;
- improve the online presence and digitisation of services;
- develop partnerships with social media influencers to approach youth and reach out to clusters of population who are internet savvy;
- allow citizens to get involved in red flagging misinformation and hatred on the internet;
- appoint internet investigators;
- use best practice examples from countries that communicated very well in the crisis, the specific given example being Finland;
- build networks and collaborate with other entities for gathering information and joint mobilization to prevent negative crisis effects.

**Increase capacity to solve problems:**

- create a coherent task force that is able to properly communicate with the public by offering precise and viable solution at regional level;
- allocate more resources to support real, factual help and truthful communication with citizens;
- increase transparency and professionalism in management and administration of resources.
Increase economic support:
- provide flexibility and financial support;
- support European national and local producers against unfair competition practices.

Coordinate efficiently between national, regional and local levels:
- in particular for federal states it is crucial to have a good coordination between federal, regional and local governments; this effective coordination should be planned and executed depending on each country’s specificities.

Pay attention to outsourcing:
- budget cuts oblige administrations to outsource their work force, however the quality, commitment and discretion of the outsourced parties can be under the required standards, thus posing a problem to the quality of deliverables, therefore good supervision and quality checks and standards are needed.

Leverage the use of e-tools:
- implement remote and e-government solutions;
- make budget savings with the least sacrifice possible, such as by postponing recruitment, recalling retired employees and reducing wages of highly-paid officials;
- allocate budget savings to sectors in need, such as the health.

Support tele employment measures:
- make use of teleworking, videoconferences and email whenever possible in state services;
- make use of e-mail, scans, e-signature and phone to execute office work across sectors.

Compensate for the shortcomings of the electronic environment:
- Provide support and solutions for citizens who are not connected to the internet;
- An important added-value of face-to-face meetings, negotiations, discussions, deliberations aso. is seriously hampered by purely electronic communication; a potential solution is to make use of hybrid meetings, combining reduced physical presence with remote interventions, although the problems in connectivity, clear communication and capacity to concentrate and inter-relate are considerable.

When asked to name the most important aspects for communicating with public institutions in our current society based on knowledge, the interviewees stressed values and principles, which highly converge with the definition provided by UN-DESA of the ideal public officer profile, as described above. The replies can be structured into the following chart (Figure 1 below).
5. Conclusions

A paramount role of the public service is to protect and shelter in case of crisis. The COVID19 pandemics showed the system’s capacity to mobilize resources and find solutions, despite the aggressive spread. Both strengths and weaknesses of the public system become apparent, and a generalized need for building up resilience and responsiveness and improve communication in an adapted way is identified.

Crises change lives and perceptions. Once regarded as a barrier to freedoms and free markets, governments and the public sector are now called upon to intervene in the crisis and ensure continuity amidst the worst economic crisis in a century and the worst crisis in the world of work since the Second World War. The public sector needs to have policies, infrastructure, budgetary reserves, and contingency plans in crisis. The huge human sacrifice that was forced upon humankind by this pandemic needs to be the starting point for a better administration.

References:


