The image of the region and its importance in stimulating the inflow of foreign direct investment

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ABSTRACT

The modern economic order forces the local government units (LGUs) enhancing the competitiveness in all areas and sections. In a situation of scarcity of domestic capital, an important element was the ability to attract foreign capital by local governments in the form of direct. No small expense of simplicity we can say that the expectations and the desire to adoption by governments of foreign direct investment (FDI) is mainly due to their large unmet needs [11]. However, foreign capital seeking the most favorable long-term growth opportunities, trying to get his own optimal location. Therefore, now it is of particular importance strategic planning, spatial units and the ability to create a positive image of the region. JST, which take action in this area can expect many benefits including promotion and raising external capital. The purpose of this article is to introduce the subject image of the region and its importance in stimulating FDI inflows to the region. Presented It also contains selected results of a survey conducted among local governments and foreign companies in the Kujawsko-Pomorskie.

Keywords: image; promotion of the region; foreign direct investment

1. INTRODUCTION

Promoting showing the opportunities and advantages for the location of companies in the region, could spur them to action previously unplanned. A good advertisers campaign can also determine the choice of location for the investment from multiple locations. The
process is more and more measurably impact factor of an intangible nature - the image of local government units. The problem of creating a positive (pro-investment) 'image of the region is very important in the strategic management of territorial unit oriented to attract foreign direct investment\(^1\) [1].

Creating the image involves taking actions that affect the judgments, ideas or opinions about the local reality. Perceived image has a positive or negative perception of the region, thus raises or lowers the reliability of the other instruments used in its promotion. Therefore, the essential object of promoting its image JST is propagated to the inside (citizens, businesses) as well as outside the region (investors, tourists).

The image is a term derived from the Latin (imago, imaginis), means the design, prototype, reflection, image [4]. It is a developed public face (person, company, organization, region, country, etc.), which, when favorably, can serve gaining acceptance and trust. At this point indispensable to clarify another term closely related to the discussed issue. Public relations [2] led to the region is planned, constant effort to contribute to the creation and maintenance of good relations and mutual understanding between the region and its authorities, institutions and organizations and the community and businesses [5]. In line with the basic message of public relations, sounding "do good and talk about it," local authorities should widely present in the media all the events, people, institutions and characteristics of the region, which not only pay attention to him, but also a positive surprise, amaze and consolidate the positive opinions [6].

However, all of the opinion of the municipality, city, state is created in only a small part by their authorities. Its main authors are inhabitants and local entrepreneurs who are also the best proof to confirm (Or denial) of circulating stories [8]. For foreign investors will be of paramount importance sentence of enterprises with participation of foreign capital, who already have experience in the activities in the area. Therefore particularly important post-investment support and maintain partnerships with companies that have decided the location of investment in the region\(^2\).

The positive image is one of the important elements of the intangible resources of local government units. It can be used as an instrument of promotion, competitive advantage and a source of a territorial unit. Is of great importance for residents identify themselves with the region, businesses, institutions and potential investors. Finally, you can differentiate individuals with similar potential and facilitates their identification [7].

Creating a positive image is important not only prestigious, but also economical. Undoubtedly, the positive image increases the chances of attracting foreign capital and thus profit. It should also be borne in mind that the image is not a static concept, is constantly evolving with the changes of views and tastes. Given that the effects of promotional activities can give results only in the long term, you need to take care of him especially.


\(^2\) The positive image of the region also contributes to the increased tourist traffic, which can be a source of income and local development. In addition, a signal for the residents of the favorable climate of procedure.
Table 1. Promotional tools in the process of creating the image of the region.

| advertisement | - Advertising in the mass media (press, radio, television);  
|               |  - Advertising in various publications (catalogs, albums, folders, brochures, guides, newsletters, guides, leaflets, etc.).  
|               |  - Outdoor advertising (billboards, billboards, information posters, signboards, neon signs, banners, advertising on public transport, eg.: the local buses, trams, etc.).  
|               |  - Advertising Computer - website, in Internet, CD, floppy disk;  
|               |  - direct marketing materials promoting the region and its investment offers delivered directly or by mail to interested recipients (Eg.: prospective investors, foreign chambers of commerce, etc.).  
| Public Relations |  - Press conferences, interviews given by the local authorities representatives of the media;  
|               |  - Symposia, seminars, conferences, for example. Regional development;  
|               |  - Outdoor events and occasional;  
|               |  - Sponsorship;  
|               |  - Patronage of local government on selected artistic events, sports, entertainment, science projects, etc.;  
|               |  - Cooperation with partner cities, the organization of related events;  
|               |  - Co-organization and participation of the local governments in trade fairs and exhibition events;  
|               |  - Supporting the creation of lobby interests of the region;  
|               |  - Sponsored articles;  
|               |  - The creation of offices and complaints of citizens;  
|               |  - Organization of meetings with representatives and opinion leaders, chambers of commerce, diplomacy, etc.;  
|               |  - Telephone helpline ☏ free phone line to the local government bodies;  
|               |  - Correspondence between the local authorities and the environment (eg.: congratulations, condolences, wishes occasional, etc.).  
|               |  - The creation of easily understandable system of visual identification, eg.: logo, coat of arms, a set of colors, flags, emblems, uniforms of employees of offices, transport tickets, local taxi, signs, street markings, etc.  
| sales promotion |  - Loan guarantees for investors;  
|               |  - Delays in the payment of tax;  
|               |  - Tax exemptions and reductions (fees / local taxes);  
|               |  - Relief for the purchase or rental of premises, land;  
|               |  - Free transfer of assets (eg. Real estate) in exchange for action by the investor;  
|               |  - Subsidize certain undertakings from the unit concerned;  
|               |  - Declarations of further cooperation (eg. To guarantee the investor the possibility of a future increase in investment in the area);  
|               |  - Financing by the government of arming areas for the implementation
of specific projects;
- Help local authorities in creating new companies on the local market
  (Eg.: legal assistance, help in the lease of communal property);
- Consulting and training business for local organized or co-financed
  by local authorities, etc.

Source: A. Łuczak, Wizerunek miasta jako element strategii marketingowej, [w:] Marketing

Foreign investor creates its own image of the region is mainly based on direct visits at
potential investments. The manner and form of organization of such missions have become
central to the creation of the image. A key element of the program of the visit and the
selection of appropriate interlocutors. The visit is an investor only tangible effect, which is a
kind of test of the product. In Polish conditions, this specific product leaves a lot to be desired
in terms of professionalism and fine-tune all components [9]. It is worth noting that the image
of the region, to guarantee an advantage over competitors, must be distinguished, significant,
respected and recognizable. The uniqueness of the region is its primary attribute and is
directly related to the possibility of creating the desired image.

2. THE IMAGE OF THE REGION AND ITS IMPORTANCE IN STIMULATING
THE INFLOW OF FOREIGN DIRECT INVESTMENT - SURVEY RESULTS

On the initiative of the Marshal of the Kujawsko-Pomorskie Province in 2015 study was
conducted pn. Foreign direct investment in the region, Kuyavian-project foreign direct
investment in selected provinces Polish - comparative analysis. His contractor was the team of
the Faculty of Economic Sciences and Management, Nicolaus Copernicus University in
Toruń3. One of the objectives realized study was to identify an opinion on the effectiveness
of the promotion instruments used by the local province and the importance of the image of the
community for the investment attractiveness of the local government, in the light conducted
by units of activities aimed at attracting FDI to the region. In subject study were covered by
local governments Kujawsko-Pomorskie (municipalities) and enterprises with foreign capital
established in the province. The author of this article was part of the research team4.

The most effective instrument of promotion used by the territorial units of the
Kujawsko-Pomorskie for acquiring foreign investors, governments have recognized the
Internet. While 35.8% of respondents using this form of promotion rated its effectiveness as
high as 42% as the average. The following places were: contact an authorized employee of
office with representatives of companies (28.1%), promotion organization, exhibitions and
fairs (27.8%), presentation of the commune for promotional events, exhibitions and fairs

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3 This is the third project team devoted to this issue. The first covered the years 1990-2003, the second period of
2011. Their manager was Professor. UMK, PhD. W. Karaszewski and contractors: dr hab. Eng. M. Jaworek, Dr.
L. Czaplewski, Dr. M. Kuzel, Dr. M. Szałucka, Dr. A. Szóstek, M. Kuczmarska.
4 Cited in this article, the results of the study are based and are presented in a wider range in the report: W.
Karaszewski, E. Siemińska, M. Jaworek, L. Czaplewski, M. Kuzel, M. Szałucka, A. Szóstek, M. Kuczmarska,
M. Kokosińska, Bezpośrednie inwestycje zagraniczne w województwie kujawsko-pomorskim, Raport z badania,
Toruń 2015.
(26.7%), information folders (25.7%), presenting the community at seminars and conferences (14.8%) and the funding of publications promoting local businesses, which displays the name of the city or municipality (14.3%).

![Figure 1. The effectiveness of promotion instruments municipalities Kujawsko-Pomorskie used by local governments.](image)


On the other hand, for promotional activities do not bring the desired results were: advertising in the foreign press (53.8%), advertising in publications intended for those interested in Polish investors (32.7%) and sending offers directly to companies, embassies and commercial counselors (28.3%). Among the instruments characterized by low efficiency most often indicated: the organization of the press mission and conferences (45.8%), sending offers directly to companies, embassies and commercial counselors (41.3%), working with consulting companies and research centers (40.4%) and advertising in national newspapers (38.0%).
According to the vast majority of local governments Kujawsko-Pomorskie biggest barrier preventing conduct effective promotional activities for the acquisition of foreign investors was the lack of financial resources (87.4%). Significantly fewer subjects upatrywalo reasons preventing the carrying out of effective promotion in other factors. Only one in four local government acknowledged that the barrier effective promotion was the lack of qualified personnel. On the other hand, every fifth pointed to the lack of interest on the part of entities that may assist in promotional activities. Only 5.3% of the units sees obstacles to effective promotion within the organization, pointing to the poor involvement of officials.

**Figure 2.** Obstacles to effective promotion of municipalities Kujawsko-Pomorskie according to the local government units

notes: answers do not add up to 100% because respondents could choose more than one option.


According to CSO data for the day 31.12.2013r. in the Kujawsko-Pomorskie were operating 589 enterprises with foreign capital, whereas in Poland such entities operated 26128. As a result, region occupies 10th place among the Polish regions, both in terms of the number located on the premises of the companies with foreign capital, as and the value of the capital. It seems that achieved investments do not reflect actual investment attractiveness of Kujawsko-Pomorskie. Despite having a region of large possibilities and advantages foreign investors take less active there than in other Polish regions. This means that the Kujawsko-Pomorskie is not seen by foreign investors as an attractive place for business location. Probably without the work of local government to change this image and without the intensification of promotional activities this condition does not improve.

It is worth noting that the governments of the Kujawsko-Pomorskie recognize the importance of the image as a source of investment attractiveness, could have a measurable impact on the perception of the local government by foreign investors. The tested unit indicated a steady improvement in the image of the community as an effective instrument for increasing their investment attractiveness, giving him the rate of assessment of 1.74. In the whole statement of the factor ranked high on the sixth position, which should be viewed
positively. Perhaps it will be a contribution to a decision by the territorial units of the province working to improve its image and to active measures in order to attract direct investment of foreign capital in the region. Urgent development of an appropriate strategy in this field and its implementation seems to be indispensable. However, be sure to develop a unique and valuable position using a different set of activities in relation to other market participants [3].

3. CONCLUSIONS

Unfortunately for most of the territorial units in Poland, the ability to create a positive image of the region, as well as awareness of its importance in taking measures to stimulate the inflow of foreign direct investment is small. It is even more disturbing that relates primarily to the smallest and least developed local governments, and that they in particular need of a capital injection from the outside.

A major problem in Polish conditions also appears to politicization of strategy of development of local government units and the lack of qualified staff in the offices responsible for its proper development and implementation. Most presidents, mayors and heads of municipalities is focused on ad hoc measures or calculated for a very short time horizon, which is often associated with the so-called. "Electoral calendar". Strategies that then arise are not, unfortunately, the real nature of the strategic plans, are detached from local realities and are only a "wish list". This basically rules out any strategic thinking and action against foreign investors. For some of territorial units, where the process is alarmingly escalated, it may even lead to backwardness in their development [9].

It should be remembered that even the most professionally created image of the region has limited influence on the decision about the location of FDI. It must be emphasized that it does not create new development opportunities, and it just shows. You can not replace the promotion, for example, improve the office. You must first create the conditions for development, so that you can praise them and encourage foreign investors to use them. Promotional and branding efforts is not embedded in a conducive investment environment may prove counter to those intended, and even harmful, if the cause perception of a situation contrary to the reality [10].

References


(Received 20 June 2016; accepted 10 July 2016)