

# The Impact of Internal Communication on Business Processes in Local Governments in the Southeast European Transition Countries

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## Abstract

Local governments are basic units of government in both developed as well as underdeveloped, or transition countries. However, business communication in local governments represents the indicator of commercialism, protocol respect, as well as management openness and willingness of the employees to, by meeting the standards of the internal communication, achieve set goals. The chaotic situation which arose as a consequence of the transition, as well as a comprehensive reform of the local government in the transition countries of Southeast Europe has contributed to the fact that the standards of business communication of the local governments vary, compromising the standards of service quality and business processes. For the purpose of this paper, research has been conducted on the importance of the internal communication and on its impact on business processes in local governments in the Southeastern European transition countries. The goal of the research was to show how important the internal communication is for business processes and how big its impact is on the achievement of the strategic goals of the local governments. The research included local governments in the Croatia, Bosnia and Herzegovina, Serbia, Macedonia and Montenegro. It is interesting to say that despite varying laws, regulations and protocols, the communication problems have been almost identical in all the tested local governments.

One goal of reform processes is to contribute towards the development of communication models appropriate for local governments in individual countries. The model of business communication, based on efficient internal communication, needs to be established not only on the standards of European Business Practice, but sometimes also on the specific impacts of the local communities' cultures.

**Keywords:** Business communication, internal communication, internal public, image, local government, public relations

## Introduction

The identity of local self-government is created primarily by relationships within the organization itself, and by communication among the employees. With this classic concept of the internal communication, it is important to emphasize that the problem of inefficient internal communication in local government becomes crucial in the procedures for implementing projects that are of the strategic importance. In fact, no matter how much local government is involved in the implementation of a strategy for integrated local development, the local government as the management of the local community, bears the most responsibilities, initiatives, activities and the evaluation of the projects (Choe, 2011).

The accomplishment of the main strategic goal of the local community development, the increase of competitiveness, is achieved through a strategic approach to information, communication and the integration of public relations into the strategic planning processes. Information, of any character, is crucial for planning, implementation and evaluation of the local economic development (Logan & Swanstrom, 1990). A systematic and methodical approach to collection of and analysis of information has created the foundation for defining the basic steps in planning a process. On the other side, communication has enabled the involvement of a large number of players in local economic

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development, as well as the creation of complex connections and interactions among them. However, public relations, especially proactive ones, which manifestation in the local economic development is implied by the form of propulsion communications, enable the creation of a positive image, credibility, and acceptance by target public and above all, the initiation of new investments in the local community (Harmon, 2003). Public relations, as a form of strategic communication, enable fluctuation of individual aspects of strategic goals from one sector to another (for example, the accomplishment of a strategic goal of increasing employment in the local community follows the strategic goal from the ecology sector which is related to the improvement of energy efficiency) (Morphed, 2008).

The success of a project depends on the readiness, ability and professionalism of the civil servants and employees to implement a project, but also to communicate the complete process with other sectors in the local community (Schiavo-Campo & McFerson, 2008). The coordination of horizontal and vertical communication enables the establishment of interactions between the local government, as the planning hub, and all the important sections (Tench & Yeomans, 2009). This is a proof that public relations are a propulsion communication concept and that it is necessary to plan communication activities just as any other strategic aspects of local economic development. The accomplishment of the internal communication function is realized through the appropriate media that are adjusted to the needs and preferences of the internal public, as well as the messages that are processed in the organization (Mojic, 2011). As Smith says in his book, "every media has something that others do not and which gives it the advantage over the others, every media has its disadvantages, but also similarities with the others". Every media has its unique technological, informational, genre and expressive capabilities that are very important for the evaluation of their real impact on the public" (Smith & Mounter, 2008, p. 19). The messages sent via specific internal media enable to break stereotypes according to which internal publics operate, which is a precursor of openness and communication with the external publics. However, the psychological component of each individual is fundamental for the accomplishment of successful organizational communication, and by that the internal public relations, too. Just as any other organization, local government invariably has a wide spectrum of psychological profiles, employees' backgrounds, attitudes, assumptions and ways of conduct. The patterns that come out of the chaotic communication of each individual without involvement, building and use of the identity of local government and cultural organization may be crucial for the implementation of certain projects (Ramirez & Kebede, 2010). For example, there is an obvious situation in local governments in Bosnia and Herzegovina, where a number of civil servants and employees greet each other using religious or ethnic greetings, whereas others greet each other using standard greetings. This is not specific for one part of Bosnia and Herzegovina, this is the consequence of ethnic divisions; similar behaviors can be seen in eastern Bosnia, in Herzegovina or in Sarajevo. Certainly, this is a consequence of the war and too strong religious identity, and identification of the religion with the ethnic group. The loss

of one Bosnian nation and the inability to develop Bosnian identity, without the religious identifier, is a quite different topic. However, due to such individual value system, the culture of local government, the identity, but also the dignity of the employees has a very different perception. The image of local governments due to advocacy of different ways of greeting, which is nothing but a trivial example of the abuse of the local government culture, has negative connotations in the eyes of target external public, such as the investors (Bull & McNeill, 2007). Division and individualization in the internal public in local government also reflects on the image of the local community, as well as on the forms of conduct dominant in the local culture (Dewey, 1927).

The motivation of the employees, for not only the work and focus on the strategic goals of the organization, but also the motivation for open dialogue, is a model which efficacy manifests through practices of local governments. The internal communication demands continuous planning and respect of the principles for the strategic public relations. In local government, the specificity of planning the internal communication is related to reform processes, especially for increasing the level of professionalism of civil servants and employees. The internal public of local government directly participates in creating the identity, but also the culture of the local government (Sincic & Vokic, 2007). The identity is not only based on the static elements - memorandum, logo, coat of arms, color, font, but also on the intensity and respect of the determined elements by the internal public that uses and propagates these elements in everyday business activities and business communication (Kotler & Keller 2007). As it has already been emphasized, the image is also created based on the identity elements and factors; therefore, it can be asserted that the image of local government directly depends on the internal public and the way in which the public perceives the local government as an organization and a part of the local community. The business culture development (Babic, 2004) of local government also comes directly from the internal public. (Group of authors, 2004). The internal communication, the planned one, which requires a strategic approach and continuous work, implies that all the civil servants and employees are involved in the communication process, depending on the importance of the undertaken task (Sulentic, 2016).

Neglecting certain groups may cause a contraindication of the intensive internal communication, therefore, the internal communication is complex and it demands defining clear messages and media. However, unlike external public, the messages are not necessarily defined by the management itself. Even here, the dialogue model of public relations (Tomic, 2008) has a significant role in establishment of communication processes and retention of credibility of the local government. In fact, by appropriate campaigns for internal public relations, a large number of local governments in transition countries have developed a specific approach towards the project implementation 'a service center for citizens - a counter office - all at one place', where with the help from international organizations, appropriate premises, as well as the education for the employees performing those jobs have been provided. By the analysis of the image of the local self-government according to this indicator, it can

be concluded that the local governments in the transition countries in the Southeast Europe are perceived twice more positively by their citizens and their local communities after they had implemented front office halls. Although, Center & Cutlip (2003) believe that the internal public relations mainly occur without a plan, and the activities and organization of the internal communications is left to the will of the municipal mayor and impacts of the informal communication links. However, it has to be stressed out that the internal public relations are a sub function of the public relations; therefore, this aspect of the public relations needs to be approached methodically.

Local government, just as any other organization, human resources, management support, and the reputation of management, as well as of the complete local government in a local community play an important role in the accomplishment of strategic goals. Good internal communication is of vital importance if efficient external communication is wanted. Internal communication represents an entire mechanism of mutual relations by which contacts are established within local government, as well as the means and methods for passing information in order to make certain impact on people's behavior, in order to carry out the jobs and tasks in a more profound way, upon which the accomplishment of all local community's goals depends. As of the techniques and methods of communication, the internal communication demands the use of a wide spectrum - from newsletters (as a trend in application of new media), the Internet, a notice board, as well as traditional meetings with civil servants at all organizational levels within local government, and even forms of internal bulletins or newspapers (Tench & Yeomans, 2009). The interactive communication is, however, the most present and the most efficient in accomplishing a mission of local government and the development of organizational culture (Quirke, 2008). In local governments that have up to 50 employees, this form is also the most dominant.

The function of public relations in local organs of government is complex and makes a part of management of public interest business for a local community. The idea of public relations as a part of management is relatively new, but it is important for the creation of a functional system of public administration and modern organs of government (Schiavo-Campo & McFerson, 2008). Public relations are also important for the work of local government because this specific type of governmental organization provides different kinds of services. Therefore, it is important to ensure greater values in the local government services (Maretic, 2008). The classic theory of public relations (Cutlip & Brown, 2003) tells us that the key elements of PR are the organization and the public. Public relations in local organs of self-government present these elements in a slightly different way (Hundhausen, 2003). Hence, the organization is a local organ of government, and the public are the citizens in the broadest sense of the word, but also in the form of target publics - civic initiatives and associations. The characteristic of the public relations in local organs of government is exactly in the way that the communication is conducted between the local government and the citizens (Martinovic, 2010). That means that citizens represents the primary local

government, they are segmented as a publics, and communication forms has to be planed as a part of strategic planning. However, the internal public of the local government, in other words civil servants and employees are the key players in the communication planning, application of business protocols and they represent the main element in creating the image of local government as the management of the local community.

## Research Methodology

The goal of the research in this paper has been to examine the degree of the efficiency of business communication according to the perception of communication standards used in local governments at horizontal and vertical levels. Moreover, the research has had a task to give the answer to the following question: What is the internal communication like in local governments in transition countries undergoing reforms.

The research has been implemented through questionnaire survey of civil servants and employees in local self-governments in Croatia, Bosnia and Herzegovina, Serbia, Macedonia and Montenegro. The survey involved total of 7,500 civil servants and employees (N: 7500). The criterion for choosing local governments in which the survey was conducted was based on the NUTS classification of the European Union. The reason for such classification and choice of the local governments lies in the basic determinant of the differences between the local communities, and that is development. The research has shown that the local communities that meet the development criteria are more functional with regard to the business communication of the local government. The internal communication in these local governments that met development criteria has also demonstrated itself as more effective, which is going to be presented in the research results.

The sample has been stratified and reflects the proportionality and equal representation of the examinees from all the local self-governments in which the research has been conducted.

According to the NUTS classification, regions and local communities in which GDP was less than 75% of the average GDP in the European Union constitute the priority subjects of the regional policy. The other goal that is being tried to be achieved by regionalization is the reduction of the unemployment rate in the regions and local communities that belong to the NUTS 3 cluster, and which are characterized by industrial and rural underdevelopment, low population density, as well as urban areas with a high degree of social need and increased crime rate. In this way, the EU has been trying to solve the problems, in order to increase the average GDP, the employment rate, the economic development and other elements at the level of the Union itself. At the first sight, it seems that the EU has been implementing this policy exclusively because of the economic and social sensitivity of the member states and empathy with the underdeveloped regions. However, according to the analysis of the economic measures and procedures, it can be concluded

ed that the European Union, or to be more precise the developed member states, create a positive image, increase competitiveness of their national economies and build attractiveness at global market. The strategic approach to the image of the European Union, through regional politics is not by accident, nor is it a consequence of a brilliant strategic approach of a proactive character, but it is a consequence of the economic crises on the global level to which Europe has been adjusting itself better or worse for the last several decades. The increase of the competitiveness at the global level is a similar doctrine of the increase of the competitiveness of a nation or even a region/town/city or a local community. The European regionalization and putting emphasis on the development of the competitiveness of a local community is the advantage of the regional approach which results are evident in the countries candidates for membership, too. According to the NUTS classification of the regions and local communities, in other words the nomenclature of territorial units for statistics includes:

- NUTS 1 - up to 8 million of inhabitants (government level) big regions and urban centers.
- NUTS 2 - 800 000 to 3 million inhabitants (level of a province or a county)
- NUTS 3 - 150 000 to 800 000 inhabitants (level of an association of municipalities)

The research for this paper has been conducted in 30 local self-governments in five Southeast European transition countries. Moreover, each of the regional centers - Zagreb, Sarajevo, Belgrade, Skopje, and Podgorica - has been one of the research groups.

The list of the local governments included in the research by countries is shown in Table 2. In Montenegro, there is only one town with the population between 50 000 and 100 000; therefore, in Montenegro, the research has been conducted in only one town for the group 3.

Group 2 includes more than 50% of the municipalities in Southeast Europe, whereas there are only 4.22% of the local communities with the population of more than 100 000. According to the population criterion, medium-sized local communities, with the population between 50 000 and 100 000 comprise just 9.8% of the total number of all local communities. If we accept the OECD's development criteria, according to which the highest growth rate is achieved by local communities and regions with the population between 50 000 and 100 000, then, it can be concluded that the transition countries should direct their development at the local level towards the development of the local communities with the population of up to 50 000. At the same time, the economic capacities, natural resources, and all the other important elements are mainly located in these local communities. This is why the focus of the research has been on Group 2.

## The Results of the Research and Discussion

According to the data obtained from the research conducted for the purpose of this paper, gender structure of the employees in the local governments in the transition countries in the Southeast Europe is in women's favor. However, the analysis of the hierarchy structure of management shows that men mostly hold managerial positions, compared to a small number of women who work as managerial civil ser-

Group	Group 1	Group 2	Group 3	Regional centers
Municipalities	10	10	10	5
Population	Up to 15 000	From 15 000 to 50 000	From 50 000 to 100 000	More than 100 000

Table 1. Researching groups

Transition country in the Southeast Europe	Group 1	Group 2	Group 3	Regional centers
Croatia	Erdut; Hum na Sutli	Karlovac; Šibenik	Zadar; Osijek	Zagreb
Bosnia and Herzegovina	Olovo; Neum	Derventa; Gradačac	Lukavac; Travnik	Sarajevo
Serbia	Indija; Knjaževac	Požarevac; Sombor	Zrenjanin; Subotica	Belgrade
Macedonia	Vinica; Kruševo	Gevgelija; Strumica	Bitola; Tetovo	Skopje
Montenegro	Žabljak; Tivat	Bijelo Polje; Pljevlja	Nikšić *	Podgorica

Table 2. Local governments in the research

vants. In the local governments, there are 60% women. Age structure is critical. Almost half the civil servants are over 46 years of age, and only 2% of the civil servants are under the age of 25. As much as 45% of the civil servants have a university degree. The oldest civil servants in the local governments are in Macedonia, where the average age is 53. The youngest civil servants are in Montenegro, the average age of the civil servants in Montenegro is 44. Although, the legislative requires a university degree as a condition for the position of a civil servant, it is still evident that in every other local government in the transition countries there are civil servants who do not have a university degree. The revision of the positions has not brought a rapid improvement of the situation, although the data show that the situation is being improved. Additional skills necessary for work in local self-governments are possessed by more than 70% of the civil servants, and a continuous training process provided by the civil service agencies and authoritative government institutions has contributed to this.

**The way civil servants communicate within the local self-government**

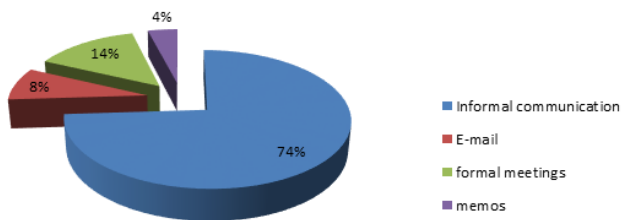


Chart 1. The civil servants' preferences for the internal communication

The studies conducted by the UNDP during 2006, have shown that civil servants do not have communication skills developed; therefore, informal communication was dominant and almost 90% of the civil servants chose it as their answer to the question „What form of communication with your colleagues do you prefer?“ The research conducted for this paper has shown that the civil servants' preference for informal communication has significantly decreased. After longtime education and communication skill development with the civil servants and employees, the preference for informal communication has dropped 27%. The civil servants in Bosnia and Herzegovina have the highest preferences for informal communication. That form of communication is preferred by 59% of the servants. The civil servants in the Croatia prefer formal meetings and other forms of formal communication, whereas 23% of the civil servants in local governments in Croatia prefer informal communication.

However, informal flow of communication will never be insignificant, primarily because it is impossible to establish a formal system of communication that would provide positive results without the use of informal means and channels. Informal communication is also crucial in local self-government for the creation of both internal public opinion and trust in the managerial civil servants.

When one looks at the development of organizational

culture, but also its impact on the horizontal and vertical communication scheme in local governments, one can see the discrepancy in the preferences for the communication styles between the research groups. The regional centers, but also the local governments in Group 3 show a tendency towards more intensive and more dynamic communication at the horizontal level, in other words within departments and between the civil servants. The intensity is reflected in the concrete indicators of the informal teamwork and the internal communication that is not conditioned by the initial information from the vertical level.

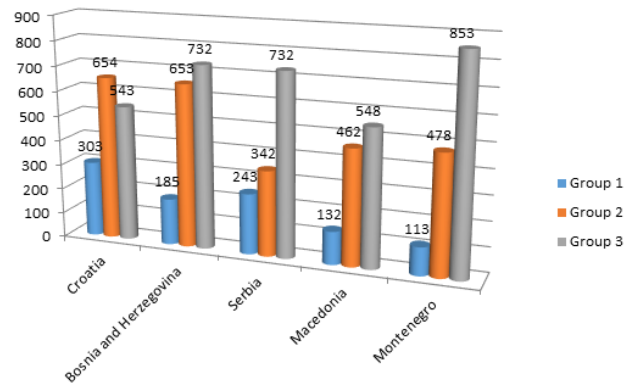


Chart 2. Work preference in formal teams shown through the research groups

Immediate superior people, especially at the level of medium management have the greatest impact on the style of communication and the efficiency of the internal communication within the individual departments. This is affirmed by the fact that 80% of the civil servants have confidence in the mayor, whereas only 50% of the civil servants have confidence in his/her immediate superior.

The civil servants in Serbia have shown the lowest level of confidence in their mayors, whereas the civil servants' level of confidence in their senior managers is the highest in Croatia. As much as 56% of the civil servants in Croatia trust more to their immediate superior than the mayor, whereas in Bosnia and Herzegovina, 22% of the civil servants trust their boss more than the mayor.

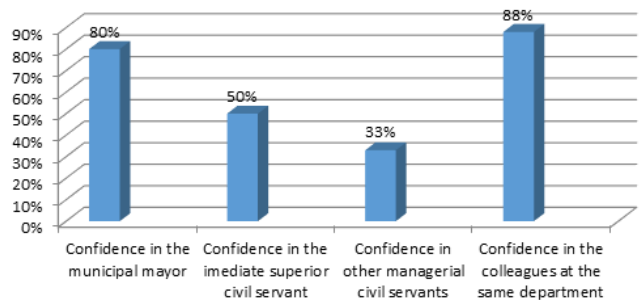


Chart 3. Average confidence of the civil servants in the communication process

The confidence in the colleagues is, in all local governments, almost identical. The statistical discrepancy in the replies, after the H-test, is 0.002, which is negligible. It can

be concluded that civil servants in local governments in the transition countries of the Southeast Europe most trust their colleagues, and least other managerial officials.

As of the way the civil servants are informed, informal communication channels play important part in this segment, too. In fact, 56% of the civil servants receive important information on the work of the local government through informal communication channels. Notice boards or internal bulletins are used by just 14% of local governments in order to inform civil servants on the activities and issues important for their work. The civil servants in the local governments in Serbia are most interested in information regarding the activities of the local government, whereas the civil servants in Bosnia and Herzegovina are least interested. It is interesting that the civil servants in local governments in Croatia prefer new media for receiving information about the activities of their local government, whereas the civil servants in the local governments in Montenegro prefer notice boards, bulletins and other traditional information media.

#### Načini informiranja državnih službenika o radu lokalne samouprave

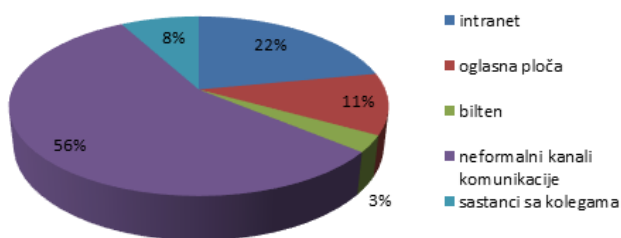


Chart 4. The way civil servants are informed

Unlike the management of the local self-government, the union, as the civil servants' body, has a far lower level of confidence. As much as 48% of the civil servants have absolutely no confidence in the union, and as much as 7% are not even members of the union. According to the research, the civil servants in Montenegro have the least confidence in the union, whereas the highest percentage of civil servants who believe in the union is in Bosnia and Herzegovina.

#### Koliko državni službenici vjeruju sindikatu?

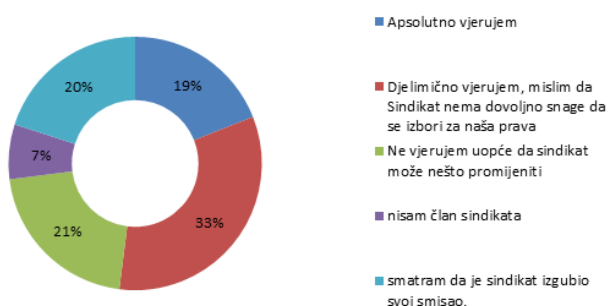


Chart 5. How much do civil servants trust the union

It is interesting that the percentage of civil servants who use email or some other interactive form of new media within the local government in everyday communication has significantly increased compared to 2006. In fact, in 2006, only 2% of the civil servants intensively used email in everyday work and communication, whereas today, the percentage has been increased to 8% of the civil servants. If we take into account the fact that the transition countries in the Southeast Europe are pre-Internet societies, than this percentage is not negligible, especially because each year the number of civil servants actively using information technologies has been increasing. In Croatia, as much as 89% of civil servants use email or other interactive forms of new media for formal and informal communication in local governments, whereas, civil servants in Macedonia use new media in communication least, where 30% of the asked civil servants have given advantage to the new forms of communication and new technologies.

Political influence on the management of the local government has been indicated as the biggest problem the civil servants face while working for local government. As much as 11% of the civil servants believe that the local government for which they work is dysfunctional because the municipal mayor strictly follows instructions given by the political option he comes from, and makes political rather than managerial decisions. Dysfunctional communication is a problem for 27% of the civil servants, whereas more than 50% has said that the main problem of the civil servants is related to the legal and labor relations.

An interesting indicator is also the percent of the civil servants who believe that the political commitment of the mayor directly affects the quality of communication, particularly on the vertical level.

#### Najveći problemi službenika koji rade u lokalnoj samoupravi

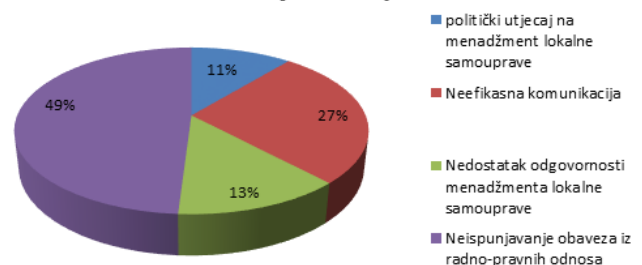


Chart 6. The civil servants' problems that impact the style and way of communication

In Bosnia and Herzegovina, as much as 90% of the civil servants believe that the political commitment of the mayor has direct impact on communication flow, as well as on the efficiency of the business communication within the local government. Moreover, in Bosnia and Herzegovina, 77% of the civil servants consider this fact crucial for creating opinion and perception of the local government's image. In Croatia, 39% of the civil servants believe that political commitment of the mayor directly affects the efficiency of business processes and the quality of communication in local govern-

ment. Moreover, in Croatia 67% of civil servants believe that the efficiency of the communication in the local government does not directly affect the perception and image.

The negative opinion about the work of local government is particularly manifested through the opinions of the civil servants on the local self-government in which they work. It is interesting that 77% of the civil servants believe that the local government should be perceived as a profit organization that operates according to the market principles.

Just 30% of the civil servants are members of a project team or a committee. According to this data, it can be concluded that local governments have idle human resources, and that civil servants do not have enough specialized knowledge that could be utilized in particular projects. The confirmation of this conclusion could be seen in the fact that only 11% of the civil servants possess the knowledge on the European methodology for writing and implementation of projects financed from the IPA funds. This specific knowledge will be crucial for project teams in the future. On the other side, 66% of civil servants are still trying to get promoted and perfect themselves professionally. However, training plans conducted by official institutions do not cover the knowledge related to the strategic planning to such extent.

### Da li ste član nekog projektnog tima ili komisije?

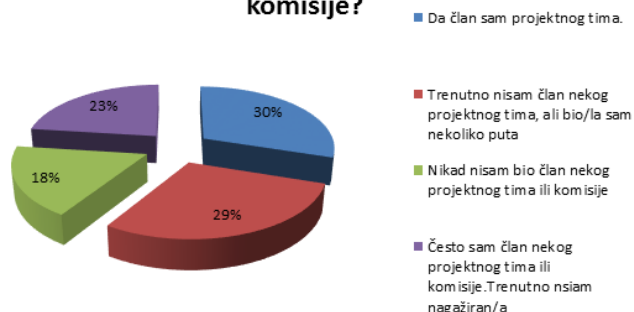
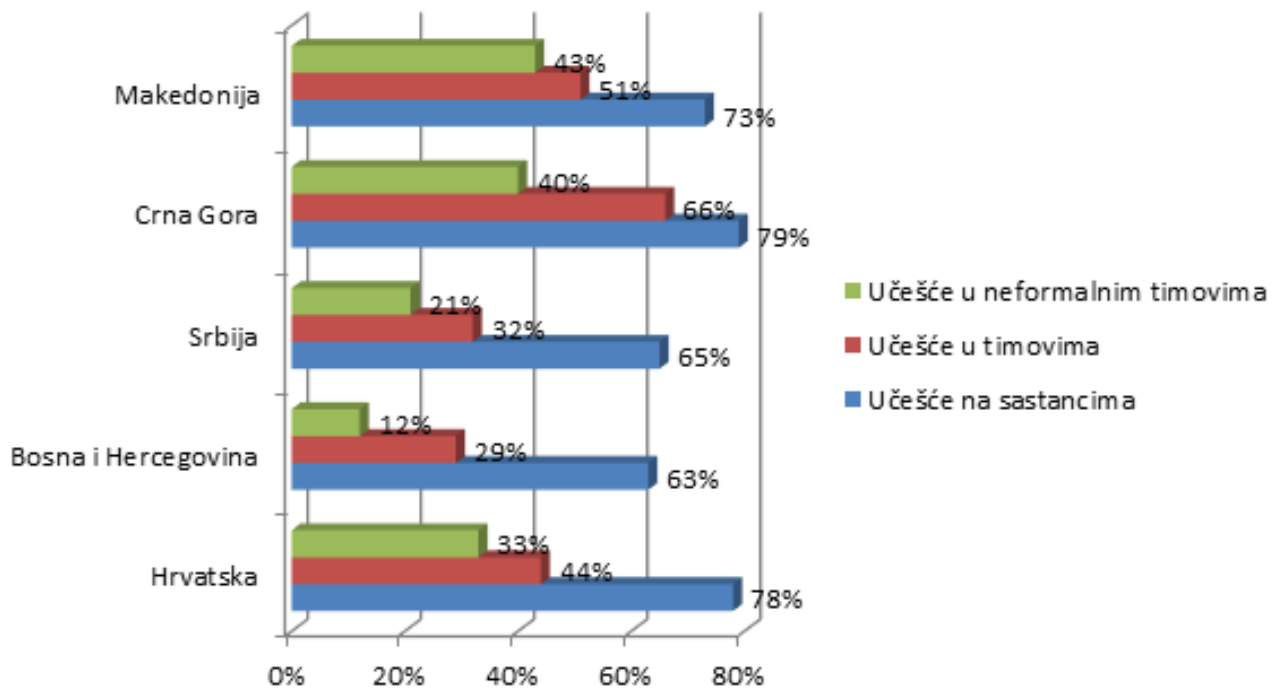


Chart 7. Participation of civil servants in project teams

As much as 77% of civil servants believe that the priorities for the implementation of projects defined in the strategy of the integrated local development are devoted to projects that may help the mayor win the following term of office in researched countries. Regardless the defined strategic areas, 58% of the civil servants believe that the municipal mayor directly affects the prioritization of projects.

Describe the local self-government you work for	Ranking opinions- the most common answers
I see my local government just as any other profit company	1
My local government is an administrative organ in transition. I feel that we are just implementing the reforms.	2
I believe that my local government is dysfunctional, closed and conservative.	3
The local government functions well, but we are not a good team, there is no corporative identity, nor culture	4
We function and do business badly. I do not know why the citizens tolerate this.	5

Table 3. How the civil servants see their local self-government



	Participations in meetings	Participations in teams	Participations in informal teams
Croatian	78%	44%	33%
Bosnia and Herzegovina	63%	29%	12%
Serbia	65%	32%	21%
Montenegro	79%	66%	40%
Macedonia	73%	51%	43%

Chart 8. The civil servants' preferences for the participation in teams by countries

By analyzing the indicators provided by the research, it can be concluded that 78% of civil servants in Croatia prefer official meetings as a form of a formal communication, whereas in Bosnia and Herzegovina, civil servants prefer meetings in 63% of the cases. It is interesting that civil servants in Montenegro have shown the most interest in participation in teams having given 66% positive answers, whereas the civil servants in Bosnia and Herzegovina least prefer work in teams, with only 29% preferring this approach.

Teams created in an organization at the horizontal level of management, which are a consequence of informal joining of civil servants in work groups in order to complete more complex tasks, reflect the progress of reform processes. In Macedonia, 43% of the civil servants prefer this, informal teamwork, believing that the communication in such teams is the most effective.

The civil servants demonstrate their readiness for open dialogue internal communication by their willingness for additional training, continuous development and education in

new areas. As for the civil servants' training, 54% replies prefer training in information technology, whereas administrative procedure was a topic of 17% of trainings intended for civil servants. Only 17% of the civil servants believe that they need additional training in communication skills. Civil servants in Serbia have shown the greatest interest in additional training at 87%; whereas civil servants in Montenegro were least interested in additional training, with just 44% replies that prefer additional training.

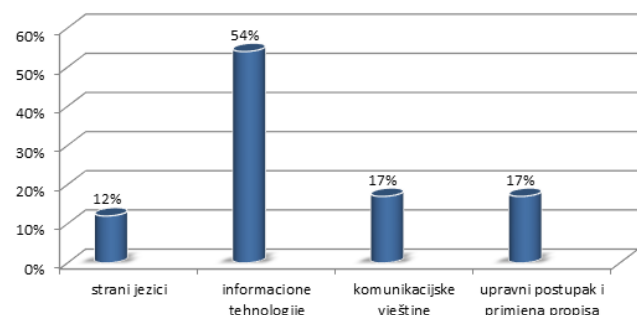


Chart 9. The civil servants' training preferences



The transparency of work and openness of the local government is most frequently viewed through contact with media, because the media, by its function, is the most appropriate for conveying information to the target public. Moreover, the availability of the civil servants, as well as access to information shows how much the local government is open to the citizens.

In the end, it can be concluded that the intensity of reform processes is directly reflected in the efficiency of business protocols and internal communication. The more the local government tends to apply the standards of internal communication, the greater its commercialism is. Modern local governments are functioning on the modern standards of market economy because the reforms during the last ten years resulted with competition between local governments. Certainly, reforms will create a new situation in which the role and place of internal communication in local governments will crystallize.

## Conclusion

The basis of business processes in each organization, as well as in local government, is efficient communication, based on the principles of dialogue relationship with the public. The internal communication, as a segment of business communication, but also the first, vital indicator of the success of local government regarding complex business processes, is the most important aspect of business culture change and adoption of new technologies by civil servants and employees.

The research conducted has shown that local governments in the transition countries of Southeast Europe follow the communication trends intensely, not just in the communication and relations with the external public, but also for the development of the internal public and planning and implementation of communication protocols for business communication within local government. The communication problems that occur in all local governments in the transition countries of the Southeast Europe are related to the need for more effective communication at the vertical level. It is interesting that the communication between the civil servants at the horizontal level has more effective and more positive results. The proof for this statement is the civil servants' need to work in teams and to be informally involved in work groups and teamwork.

Modern societies have extremely complex structures and function by systems that, in one segment, are imposed on them by the environment in which they exist. The government institutions are no exception when it is a question of the survival, maintenance of the system for operation or advancement. From the systems theory's point of view, the government administration, and especially local government organs represent a system in a social community that survives, exists and develops thanks to the environment in which it operates, in other words - the public. Implying trends, in form of civic initiatives, needs and problems that the local community faces, the publics also imply the obligation to local governments to direct and correct their work,

depending on the feedback they continuously receive communicating with their target publics. Every project realized by local government is in the end assessed by local public, which gives instructions on how to act and how to arrange the priorities. Therefore, modern local government must accept the fact and base its functioning on public opinion and mood. Looking strategically and in a long-term, the survival of a local community depends on public opinion and public support for the local community. Public views can shift, and the only way for local organs of government to maintain good relationship with the public, which pays off in the end through positive public opinion and support, is to communicate.

The implementation of new standards in work of local governments, as well as in the strategic development of a local community, dialogue model for relations with the public is going to be necessary as a precondition for the realization of the transition, and the survival of the newly reformed system. The internal communication, as a part of business communication, but also an important segment of a dialogue model for public relations, will have a direct impact on the strategic development, but it will also be the indicator of the reform processes success in the transition countries of Southeast Europe.

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