

## **Unified client service centres for rural development and smart governance in Latvia**

L. Sunina\* and B Rivza

Latvia University of Agriculture, Faculty of Economics and Social Development,  
Institute of Economics and Regional Development, 18 Svetes street, LV-3001 Jelgava,  
Latvia

\*Correspondence: [linda.sunina1@gmail.com](mailto:linda.sunina1@gmail.com)

**Abstract.** Nowadays rapid increase of technological environment allows residents to be more mobile, choose working place, different from one's place of residence, start a new business or transfer company to rural areas, thus promoting polycentric development of a territory and increasing capacity of rural territories. It means that government should think of smart governance and service provision, providing different government services at one place. From June 2015 until December 2015, under the concept of improvement of public service system, the government of the Republic of Latvia established 75 unified state and local government customer service centres. Service centres operate on a local basis and in accordance with the uniform principles, provide customer with one place to access multiple public services. The objective of the present article is to evaluate the necessity and current activity of unified customer service centres and their contribution to smart governance of the country. The necessity for unified client service centres in the rural areas were therefore assessed with the analysis of attributable data, theory on establishment of such centres, and residents' survey, which showed that a big part of customers of the present centres are residents of neighbouring towns and cities where the regional governmental and local institutions are located, but they are attracted by the possibility to receive all the necessary services at one time.

**Key words:** unified service centres, smart governance, development, rural areas, etc.

### **INTRODUCTION**

UNESCO (2010) states that globalisation is the ongoing process that is linking people, neighbourhoods, cities, regions and countries much more closely together than they have ever been before. This has resulted in our lives being intertwined with people in all parts of the world via the food we eat, the clothing we wear, the music we listen to, the information we get and the ideas we hold. While globalisation is not a new process, it has accelerated rapidly since World War II, and is having many effects on people, the environment, cultures, national governments, economic development and human well-being in countries around the world.

Though globalisation widens the possibilities of people, it also have a negative impact on population structure and density of certain areas – more and more countries face the fact that rural areas become uninhabited; people work and live in cities that can offer more necessary services than rural areas.

Globalization, itself, does not make any particular distinction between urban and rural areas, however the impact of their activities on rural areas is often much greater because rural areas are sparsely populated, spatially isolated, they lack the range and depth of social and financial resources, moreover, allocations for social services are seen as an exploitable resource by transnational corporations.

Such situation leads to monocentric development of countries, providing low competitiveness, insufficient urban development and weak links with surrounding territories. It should be taken into consideration that nowadays the majority of population, production and consumption occur in urban areas, thus, they are important units in the economic, social and environmental analyses as well as they are a base for the strategies of development policy. Evenly distributed urban network is beneficial for polycentric and balanced development of a country (Haite, 2013). In order to provide polycentric rural development of country, different measures should be established to meet residents' requirements, which is so-called smart governance.

Since both 'smart government' and 'smart governance' terms are used in literature, a distinction must be given: 'Government occurs when those with legally and formally derived authority and policing power execute and implement activities' and 'Governance refers' to the creation, execution, and implementation of activities backed by the shared goals of citizens and organizations, who may or may not have formal authority or policing power. Therefore, it is concluded that smart governments implement smart governance initiatives (Maheshwari & Janssen, 2014).

Such problem is widely experienced also in Latvia, therefore the competent ministries are thinking how to provide smart governance in all territory of the country, thus stimulating residents stay or even move to rural areas.

In 2015, the Latvia's e-index was released to assess the necessary approaches and provide solutions for a more efficient development, as well as to identify the best examples implemented by other institutions and thereby enable exchange of experience and motivate further development of the digital transformation.

From June 2015 until December 2015, under the concept of improvement of public service system, 72 unified state and local government customer service centers of district significance and 3 centers of regional significance were established. Service centers operate on a local basis and in accordance with the uniform principles, provide customer with one place to access multiple public services. Such centers are significant for rural territories, since residents of rural areas can receive services of same quality and amount as residents of urban areas. The present approach can be considered as smart governance, increasing polycentric development of the territory and country itself, but the activity of the particular service centres should be assessed both by authorities and residents that have used their services.

## **MATERIALS AND METHODS**

To carry out the present research, the authors used topic-related research papers, the analysis of attributable data, theory on establishment of such centres, and information available of the Central Statistical Bureau (CSB). The research methods employed the monographic and descriptive methods, analysis and synthesis, as well as logical and constructive methods. The main data was collected from survey that was

provided from October, 2016 to January, 2017. The survey consisted of different questions concerning activity of unified client customer service centres, their identification, and provided services in order to determine, whether establishment of such centres develops the idea of smart governance in the country.

## **RESULTS AND DISCUSSION**

### **The meaning of terms 'small government' and 'smart governance'**

It is quite fashionable to speak about smart government and governance, provided by it nowadays, though there is no common consensus for the terms itself. Smart government is a term, which lacks a clear definition. Although the prior definition for 'smart' leads to a public administration that utilizes servant systems, such a definition comes to close to past electronic or digital or internet-based (or e-) or even open government definitions like: the utilization of the ICT by governments in order to become more effective, efficient, transparent and accountable (Anthopoulos, et al., 2015).

Different scholars provided alternative meanings of the term 'smart government', providing diverse understanding of the present term. On the one hand, Mellouli et al. (2014) and Cellary (2013) name it as the extensive use of technology by governments to perform governmental tasks, while Taylor (2015) and Gil-Garcia et al. (2015) relate the terms 'smart city' and 'government' demonstrating innovation and intelligence for local or governments as the means to increase their efficiency and effectiveness. On the other hand, Harsh & Ichalkaranje (2015) present a claim that smart governments utilize the power of 'data' in their attempt to improve public services; to enable an integrated, seamless service experience; to engage with citizens; to co- develop policies; and to implement solutions for well-being of the community.

Nevertheless, Anthopoulos & Reddick (2015) determined that smart government does not 'ignore' smart city. Instead, smart government leads smart city development, while it uses smart city as an area for its practice (collaboration and service co-production testing etc.). In this respect, there have to be complementary forces that interrelate these terms and have to be identified. It means that smart government develops smart city with help of different approaches that is called smart governance.

### **Direction of smart governance in Latvia towards rural development and policentricity**

Smart governance is usually referred to technology in order to facilitate and support better planning and decision-making. It is about improving democratic processes and transforming the ways that public services are delivered. It includes e-government, the efficiency agenda and mobile working.

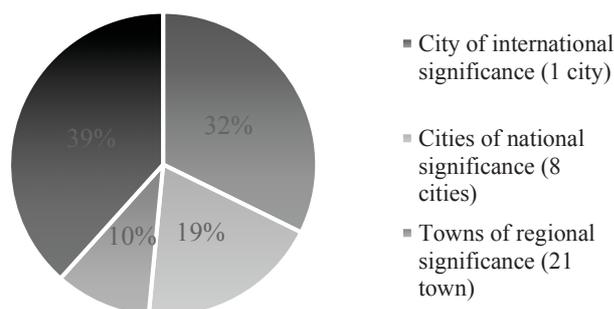
Nowadays rapid way of living request different approaches of delivering public services, streamlining electronic government and administrative modernization processes, etc. Countries adopt new laws concerning e-government, establishing new e-services to satisfy the needs of residents. For example, the German e-government (EGOV) law postulates simplified and reliable administrative processes, needs orientation, economic efficiency, ecological sustainability, modular and adequate ICT support, and a leading role in EGR; however, despite these high aspirations and its economic weight, Germany ranks only 15<sup>th</sup> in the most recent UN EGOV rankings (UN

E-Government, 2016). In 2015 Latvia started e-government development – the Latvia’s e-index was released, being the first national-level initiative helping state and municipal institutions to evaluate their digital development, to assess the necessary approaches and provide solutions for a more efficient development, as well as to identify the best examples implemented by other institutions and thereby enable exchange of experience and motivate further development of the digital transformation (e-Government in Latvia, 2016). Nevertheless, Latvia ranks only the 45<sup>th</sup> in UN EGOV rankings, demonstrating the lowest rank among the Baltic States (comparing to 13<sup>th</sup> place for Estonia and 23<sup>th</sup> place for Lithuania).

Development of e-government in a country also provides development of rural areas, since e-services of different types can be provided in all territory of a country, thus decreasing monocentric model.

In monocentric model there is populated agglomerate with one leading centre, i.e., it is a settlement, where only one centre is dominant in all fields. Polycentric development in its turn is an alternative to monocentric development since it tries to equalize resources and ensure balanced growth of territory. The spatial structure of territory polycentrism has been created, resigning from hierarchical spatial organizations and developing horizontal network. The spatial structure of polycentrism is related to morphology of settlement system. Reviewing city systems from continental or state point of view, polycentrism appears if system is characterized by several cities in different levels instead of one city, which is dominant. Polycentrism exists in regional or local scale, if two or more cities have functions, which supplement each other and, moreover, if cities cooperate with each other in order to work together as one, greater city.

Nowadays Latvia represents relatively weak urban structure; habitation net regarding development and growth experiences high inequality. Initiating EU programs for promoting the development of Latvian territory the increase in population number has been set out as a significant effective indicator, which is the basic factor for promoting polycentric processes in country territory. The greatest part of Latvian residents ~ 61% live in cities, while only 39% of total population number live in rural areas (Fig. 1).



**Figure 1.** Distribution of Latvian residents according to their place of living in 2016, %.

The increase of Riga specific weight in total economic system has a direct relation with the increase in amount of population in Pieriga agglomerate. Concentrated resource mass (human resources, infrastructure of entrepreneurship and public services, finance capital etc.) in Riga exceeds the critical mass of other regions for several times. At the same time in Latvia there is a wide, comparatively equally located city network where the number of residents gradually decreases.

The government and local authorities of Latvia has provided different measures to attract specialists to rural areas, i.e., providing grants and scholarships to specialists of certain fields that are necessary for a particular territory (such as medicine, engineering etc.), encouraging employees for regional mobility by providing financial compensation of transportation and living costs for the first four months after the commencement of the employment (excluding Riga).

It should be mentioned that in 5 October, 2016 the Investment and Development Agency of Latvia and the Central Finance and Contracting Agency concluded an agreement No. 3.1.1.6/16/I/001 on the operational programme 'Growth and Employment' under priority 'Regional business incubators and creative industries incubator' that should be implemented until 31 December 2023. The project aims to support the establishment and development of new viable and competitive businesses in Latvian regions, providing entrepreneurial advice, training and measures of business issues, mentor support, the environment (premises) and co-financing grants of operating costs for individuals (authors of business ideas), which are or are going to carry out economic activities, small (micro), small and medium-sized enterprises. Under the present project 15 new business incubators in various Latvian towns, including specific creative industries business incubator in Riga were established and currently accept ideas of potential entrepreneurs.

Such measures in long-term could attract specialists and entrepreneurs to rural areas, but at the same time government should think of mechanism how to provide all the necessary services as close to entrepreneurs working place as possible, since it can be disturbing and difficult to run business if all necessary institutions are located in other municipalities or even regions.

#### **The establishment of unified client customer centres as a part of e-government**

All countries of the world understand that e-government is a significant part of smart governance, therefore tries to provide as many services as possible in electronic format. For example, Estonia, where 99% of public and municipal services are available in the electronic environment, spends on maintenance of its IT 40 times less than Finland and 400 times less than the UK. More than half of 300 different public services are currently available in Latvia in the electronic environment. This has contributed to the reduction in the administrative burden, increased efficiency of the work of public administration, also ensuring the availability of data for evidence-based decision-making. Thus, after its first year of operation, it was concluded that over 1.1 million euro per year or a man/day per businessperson might be saved from automation of the acquisition of necessary information on tax arrears, criminal records and insolvency for procurement purposes.

Digital tax administration and an electronic payroll tax book create truly 'tangible' time and money savings, while the availability of territorial development plans in the electronic environment has increased the transparency of this process. Overall, almost

one third of service requests are made electronically and users are more satisfied with e-services than the use of services on site. Unified customer service centres are also important. Namely, an e-government allows offering services not physically available in the specific area in one place, while employees of these centres may help the population to use the electronic tools.

From June 2015 until December 2015, under the concept of improvement of public service system, 72 unified state and local government customer service centers of district significance and 3 centres of regional significance were established (Fig. 2). Service centres operate on a local basis and in accordance with the uniform principles, provide customers with one place to access multiple public services. Unified state and local government customer service centers are organized in a similar way: centers of district significance provide a standardized minimum service basket, for example, receive a service request and pass out a result of service; and offer consultancy on the content of the service and assistance in applying for e-service. Centers of regional significance of local government serve only those state service branches which are not located in these centers. It creates the availability of one place that offers state and local government services, on the basis of local government and in cooperation with the state. Centres offer consultancy on the extent of the state services and assistance in regard to the application for e-services. On a selective basis, state institutions come together ‘under one roof’ (e-Government in Latvia, 2016).



**Figure 2.** Distribution of Unified client service centres in Latvia, 2016.

One of Latvia’s digital environment success stories is ‘universal log-in’ or authentication for public services, which is used not only by the latvija.lv portal, but also by 30 other public administration portals and information systems. It is a solution envied by many EU countries and considerably easing us the introduction of trans-border electronic identification prescribed by the European Union in its eIDAS regulation, which will enter into force this July. According to this regulation, the population of European Union Member States with their national electronic identification tools will also have access to electronic services of other Member States (BiSMART technology platform, 2016).

Employees of unified client customer service centres not only teach their clients how to work with this universal log-in and therefore use all the services, provided by latvija.lv portal, but also provide certain services of such state institutions as:

- 1) State Employment Agency;
- 2) The Office of Citizenship and Migration Affairs;
- 3) State Labour Inspectorate;
- 4) State Revenue Service;
- 5) State Social Insurance Agency;
- 6) State Land Service;
- 7) Rural Support Service.

Unified client service centres are not new phenomena – such institutions have been established and fully works in different European countries, though some of them, such as Estonia, have gone further and provide electronical submission of documents (including online application for eID documents) in most of the abovementioned institutions. The equivalent in Latvia, Internet portal [www.latvija.lv](http://www.latvija.lv), currently provides mainly informative data, however section ‘e-Services’ are continuously developed, providing different new services.

#### **Assessment of unified client service centres**

In order to understand, whether project of unified client service centres are successful, useful for residents of Latvia and corresponds to idea of development of polycentrism in Latvia, a survey was provided. A survey was held in all Latvia from October, 2016 to January, 2016. The survey consisted of 10 different questions concerning the activity of unified client service centres. The survey was issued to randomly chosen people at unified service centres and it was available online that covered whole territory of Latvia. The total number of respondents was 733, covering all regions of Latvia.

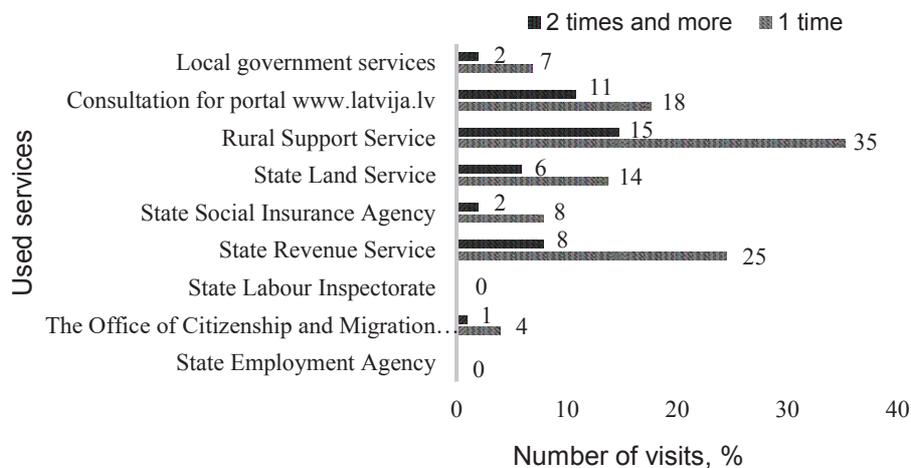
After the data provided by the Central Statistical Bureau there were 1,968,957 residents of Latvia on September 2016. Taking into consideration the total number of residents and confidence level of 95% the sample size is 384 residents; therefore it can be determined the results are valuable; though the results of survey cannot be taken as nationally representative.

Public Relations companies, involved in the present project declare ‘there have been more than 230 articles in national, regional and local government newspapers, on internet portals and internet versions of newspapers, as well as on the websites of various institutions and organisations. Eleven television stories and several radio broadcasts were focused on the unified client service centres. Posters, brochures, internet banners, ads, direct e-mail and communication in the social media environment helped to deliver information about the centres to residents of cities and administrative districts that were involved in the project. This led to more than 13,000 clients visiting centres, and a survey of those people found that nearly all of them were satisfied with the services that were offered at the centres and the quality thereof’ (Comperio, 2015).

After the results of survey, it can be determined the information about such centres is unsatisfied, since only 48.6% of all respondents are informed about the existence of such centres. Taking into consideration the coverage of unified client service centres and length of their activity (in years) the government and local authorities should think of

new marketing strategy to inform residents of possibility to receive the necessary services in one place.

However, 86.5% of those respondents who are informed about the centres have used the services at least once per year; moreover, they admit that quality of services provided is in high level and they definitely will use the services un unified client centre also in future, if it is necessary. The survey shows that residents in 2016 mainly used services of Rural Support Service (35% of residents have used such service for one time and 15% have used them two times and more) and State Revenue Service (25% and 8%, namely), but such services as State Labour Inspectorate and State Employment Agency are not used in 2016 (Fig. 3).



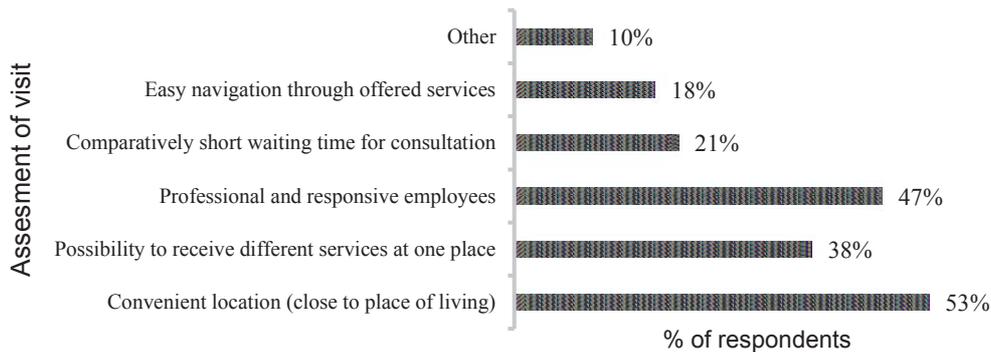
**Figure 3.** The purpose and frequency of respondents' visits to the unified client service centres in 2016, % (n = 356).

It needs to admit that quite frequently residents visited unified client centres to receive consultation for Internet portal latvija.lv, which means that further they will use Internet to receive different data and services. Such tendency show that people chooses electronic format to receive services instead of face-to-face visits, saving up their time and money.

Asking for the reasons why residents choose to go to the unified client centres, 53% stated that centres are located closely to their place of living; therefore, there is no necessity to spend time and money to visit regional centre or the town to receive services (Fig. 4). It is especially convenient in places like Roja (Kurzeme region) or Auce (Zemgale region), where the closest town for receiving services is within 40–50 kilometres.

It must be taken into consideration that Vidzeme region has the greatest number of unified service centres (13), they are not widely established in Kurzeme region – only 9 municipalities have implemented such service, moreover – none of them is located in centres of regional or national significance (Fig. 2). Northern part of Kurzeme is almost uncovered – there are only 2 unified service centres located, therefore in the future project stage should re-plan the location of unified client service centres, providing polycentric development.

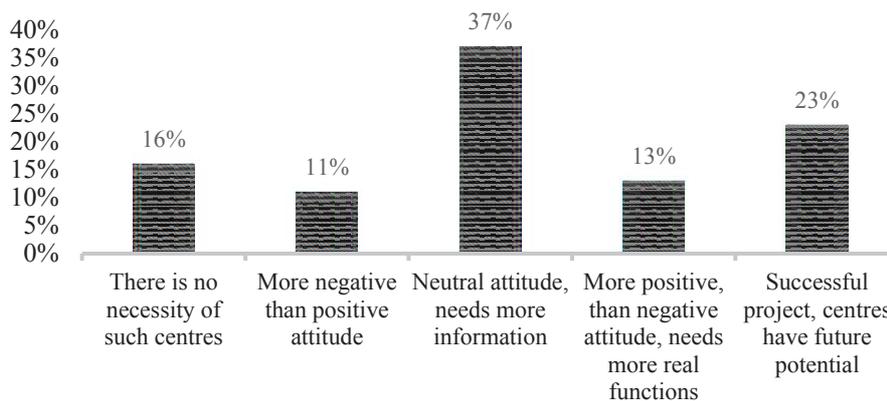
38% admitted they use services of unified client centres, since it provides different services at one place, moreover 47% stated the employees were professional and responsive – if there were no possibility to provide some services at place, employees provided thorough consultation how to receive the necessary information and services, helped to make payments via i-bank and even helped to find information that was not related to provided services.



**Figure 4.** The assessment of unified client centres by respondents after visit in 2016, % (n = 356).

All respondents were asked to provide the overall assessment of unified client service centres in Latvia taking into consideration typical five-level Likert scale, where ‘1’ stated ‘there is no necessity of such centres’ and ‘5’, in its turn, stated ‘the establishment of centres was successful; centres have future potential’.

The results were quite diverse, since the greatest part of respondents, as it was stated before, were not even informed about such centres (Fig. 5). Main part of respondents (37%) stated their attitude as neutral, but pointed out there is a lack of information about centres, their activity and offered services. Negative attitude about the establishment of centres showed 27% of respondents, but 34% of respondents, in their turn, considered the idea and establishment of unified client service centres as positive, though pointed out there is a necessity for more real function, not only advisory work.



**Figure 5.** The overall opinion about the establishment of unified client service centres by the respondents (n = 356), %.

Taking into consideration the answers, provided by the respondents it can be stated that the project of unified client centres which has started already in 2014 has not justified itself and needs a massive future work in order to expand the project and make it functional. This project should be implemented not only with more real functions, but also provide extensive marketing strategy directed towards different target audiences (middle-age, retired, non-residents, namely).

## CONCLUSIONS

- Smart government involves the meaning of smart city, since smart government leads smart city development, while it uses smart city as an area for its practice. It means that smart government develops smart city with help of different approaches that is called smart governance.
- Concentrated resource mass in Riga exceeds the critical mass of other regions for several times. At the same time in Latvia there is a wide, comparatively equally located city network where the number of residents gradually decreases, providing monocentric situation in the country.
- Development of e-government in a country provides development of rural areas, since e-services of different types can be provided in all territory of a country, thus decreasing monocentric model.
- The government and local authorities of Latvia has provided different measures to attract specialists to rural areas that are necessary for a particular territory, encouraging employees for regional mobility by providing financial compensation of transportation and living costs for the first four months after the commencement of the employment.
- Unified client service centres are not new phenomena – such institutions have been established and fully works in different European countries. Latvia has established Internet portal [www.latvija.lv](http://www.latvija.lv) that currently provides mainly informative data, however section ‘e-Services’ are continuously developed, providing different new services.
- After the results of survey, it can be determined that the information about such centres is unsatisfied, since only 48.6% of all respondents are informed about the existence of such centres. Taking into consideration the coverage of unified client service centres and length of their activity (in years) the government and local authorities should think of new marketing strategy to inform residents of possibility to receive the necessary services in one place.
- Asking for the reasons why residents choose to go to the unified client centres, 53% stated that centres are located closely to their place of living, therefore there is no necessity to spend time and money to visit regional centre or the town to receive services.

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