

# Northumbria Research Link

Citation: Liddle, Joyce and McElwee, Gerard (2019) Theoretical perspectives on public entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research*, 25 (6). pp. 1308-1320. ISSN 1355-2554

Published by: Emerald

URL: <https://doi.org/10.1108/IJEBR-02-2019-0067> <<https://doi.org/10.1108/IJEBR-02-2019-0067>>

This version was downloaded from Northumbria Research Link:  
<http://nrl.northumbria.ac.uk/id/eprint/39746/>

Northumbria University has developed Northumbria Research Link (NRL) to enable users to access the University's research output. Copyright © and moral rights for items on NRL are retained by the individual author(s) and/or other copyright owners. Single copies of full items can be reproduced, displayed or performed, and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided the authors, title and full bibliographic details are given, as well as a hyperlink and/or URL to the original metadata page. The content must not be changed in any way. Full items must not be sold commercially in any format or medium without formal permission of the copyright holder. The full policy is available online: <http://nrl.northumbria.ac.uk/policies.html>

This document may differ from the final, published version of the research and has been made available online in accordance with publisher policies. To read and/or cite from the published version of the research, please visit the publisher's website (a subscription may be required.)



**Northumbria  
University  
NEWCASTLE**



**University Library**

## **Theoretical Perspectives on Public Entrepreneurship**

### **Abstract**

**Purpose:** The interest in entrepreneurship in the public sector is recognized as an emergent phenomenon in the field of entrepreneurship. Existing theoretical work is limited in helping understand how entrepreneurship in public agencies occurs.

**Design/Methodology/Approach:** A conceptual paper which develops existing literature.

**Findings:** Building on the work of Klein et al (2010) this paper contributes to theoretical development by providing a map of public sector entrepreneurship. Although, there are similar features shared by private and public sector entrepreneurship, it is proposed that there are significant differences between them, particularly in that public sector enterprise can be seen as entrepreneurship without entrepreneurs.

**Practical implications:** This paper brings entrepreneurship from the periphery to the core of the theoretical debates, as it is an under researched area. Moreover, theoretical development has implications for policy and practice as existing research is disparate. One way of ensuring that this happens is to be open to new ways of transforming governance and public service delivery in co-production with stakeholders

**Paper type:** Research paper

**Originality/value:** Considers how entrepreneurship and enterprise in the public sector is formulated. The significance of the paper is to highlight the importance of public entrepreneurs in working alongside a multitude of stakeholders to deal with numerous global and internal environment forces ethically amongst on-going budgetary and fiscal constraints.

The contribution is the highlighting of the difficulties and concerns when uniting the discourse of market based entrepreneurship and the discourse of public sector service provision.

**Keywords:** Public entrepreneurship, new policy arenas, Animateurs, Space and place

## Introduction

There is limited understanding of enterprise practices in the public sector and consequently few new theoretical contributions to this field. Case study material exists but is still largely located within organizational boundaries. This paper acknowledges a growing body of work within formal, regulatory top down, Weberian, functionalist organizations and moves the unit of analysis into new 'loci' or 'arenas' in which public service delivery now takes place i.e between public service entrepreneurs and other collaborators across organizational boundaries.

The contribution is the highlighting of the difficulties and concerns when uniting the discourse of market based entrepreneurship and the discourse of public sector service provision. These difficulties are based upon the divergence between the very different motives of commercial/private sector entrepreneurs and enterprising public servants. Entrepreneurship in the public sector allows innovative solutions to be applied to solve problems associated with the opening up to the market services formerly provided by state regulated organizations. As Jones (2016), has argued in this journal, entrepreneurship research should be constantly looking to reframe entrepreneurial practice in different contexts.

The paper is structured as follows.

In the first section, presents a context to the public sector and define the terms. A discussion of entrepreneurship and its applicability to the public sector is then provided. The following section identifies some of the major emergent topics, perspectives and characteristics of public entrepreneurship research, drawn from recent publications in this emerging field of enquiry. A framework of public sector entrepreneurship, is presented before finally discussing the implications for further work.

Public service delivery is shifting from top down, hierarchical and organizationally bound formal organizations into new 'spaces' and 'places', (McElwee, et al, 2018) utilizing an array of formal and informal, partnerships, networks and collaborations between public/private and civic actors. Existing theoretical knowledge is restricted to formal mechanisms, showing that in different arrangements or constellations of delivery mechanisms, entrepreneurship occurs.

Public sector entrepreneurship (PSE) is manifested in multi-level, multi-sectoral, multi-organizational fora, where interdependence and interactions are within nested open ended systems, not closed systems as in formal organizations, (Etzioni, 1959). These are the spaces where dialogue and informality flourish and as such are the locus for new forms of enquiry.

One of the problems of existing notions of innovation and entrepreneurship in public services is the paradox of trying to understand illogical ways of doing things (innovation and entrepreneurship) within very logical, rational and structured forms

of bureaucratic Weberian organizations. Moving beyond the functionalist structured world of public services helps understand how new 'boundary less' worlds of partnerships/networks could be facilitating greater levels of enterprise.

For some time, entrepreneurship scholars, have suggested that contextualised knowledge of entrepreneurship is important. Notably, Welter (2011) suggests that 'entrepreneurship is better understood in its historical, temporal, spatial, institutional, and social contexts as these both provide opportunities and set the boundaries for entrepreneurship'. Thus, context is important as it provides relevance and a sound base on which sound theory construction can occur (Welter & Gartner, 2016). One such context which has received relatively little attention, is the public sector. In this paper, the 'Public' sector is discussed in order to develop a more nuanced contextual understanding of entrepreneurship.

For Klein, et al, (2014) that public organizations are relatively under –researched in the entrepreneurship literature and the increasing focus of the enterprise agenda in the public sector has important ramifications for policy and practice, not least in the ideological paradigm shifts within the sector vis a vis for example, the hostility by some politicians to the traditional neutrality of the UK Civil Service. There is however a rather lengthy history of discussion about PSE in the public policy literature dating back to the work Ostrom (1965).

Not only is ideological change a significant factor, but the accelerated pace of global uncertainty, increased performance requirements, rising citizen demands, and stakeholder engagement are forcing public leaders to respond by being ever more entrepreneurial, using innovative ways of working, and stimulating new learning and knowledge exchange. Universal solutions, or 'one size fits all' approaches to complex social problems are no longer appropriate as no single public or private agency can satisfy all citizen demands for tailoring services to personal needs. Public agencies are now working ever more closely with non-profit, voluntary/third sector, charitable and faith based organizations to deliver services, historically and traditionally associated with public provision.

Citizens are not passive consumers but empowered individuals who expect state agencies to provide more personalised services and choice, either those more akin to private provision, or increasingly through a wider range of civic providers. The so called Y generation, expecting personalised service delivery and rapid responses to problems, needs to be set against a backdrop of 'finite resources and infinite demands' (Schofield, 2008) meaning that innovation and entrepreneurship in the public sector will become even more crucial in future. Questions on the types of institutions, organizational and leadership capacities needed in future to synergise and harness

state resources, capacities and knowledge with those of market and civic institutions as necessary.

### **Public Sector Entrepreneurship research: The story so far**

Historically the 'reinventing government' literature, initially popularized by Osborne and Gaebler (1992), stimulated later discussions and debates on downsizing, reducing the size of government, reengineering, or redesigning government processes and activities. The Total Quality movement that incorporated continuous improvement was also influential in government circles and led (in the UK at least) to initiatives such as: Market testing; Contracting out; Best Value; Better Government; Total Place, and the need to raise service quality standards for service through stakeholder management, bottom-up reform, and increased scrutiny. In reinventing, reengineering and re-imagining the state, public employees were empowered to effect innovative solutions to "customer" problems and needs, and in doing so were encouraged to act entrepreneurially. Privatization, under New Public Management (NPM) Reforms also led, in many cases, to enhanced entrepreneurial engagement with the commercial and private sector, either to leverage resources or capacities, or wholly reconfigure service delivery. NPM exemplified a new way of re-organising public sector organizations to bring their management processes closer to business methods (Dunleavy and Hood, 1994: 9), and in doing so led many public managers to work more entrepreneurially with private sector counterparts. New Public Governance (NPG), arguably the successor to NPM is regarded as embodying a public management style dominated by co-operation among government levels and between public and non-state actors (Papadopoulos, 2007) and refers to sustaining co-ordination and coherence among a wide variety of actors with different purposes and objectives such as political actors and institutions, corporate interests, civil society and transnational governments (Osborne, et al, 2013). NPG, like NPM, created new opportunities for enterprise and innovation, in that lots of novel approaches and ways of thinking about delivering public services became the norm.

Since Harvey's (1989) celebrated analysis of the ideological shift from managerialism to entrepreneurialism to explain public policy enterprise and transformation, dramatic political, economic and environmental shifts have occurred. However, the fixation on wealth generation and need for entrepreneurial solutions has not waned, indeed it might be argued that this has intensified as public budgets continue to be constrained. For some scholars, urban settings, the metropolis or global city regions have been the primary arena for economic growth and transformation, enterprise and innovation (Florida, 2002, 2008, Glaeser, 2011, Scott, 2011). Indeed, much current research is still influenced by the Boosterism and Urban Regime Theories of Growth of the 1960/70s where the business sector was afforded a privileged position in driving transformation (Stone, 1993). However, despite years of policy interventions, particularly in urban areas, and despite the incorporation of business actors into state and non-state partnerships for growth, it is clear that many urban areas have not been

transformed by state policies. Porter suggests that deprived inner-city areas provide new opportunities for enterprise, arguing that embracing entrepreneurial thinking can help places to break away from an over dependence on social welfare (1985). It has become obvious that the 'urban' is not the only site in need of transformation, as policy makers and other partners seek to address a myriad of problems in the 'rural', in neighbourhoods and small villages, in coastal towns, in peripheral communities, in slum areas, and de-industrialised regions of the world, (McElwee et al 2018). The need for entrepreneurial action and policy interventions is also much needed in a variety of economically and socially deprived, or de-industrialised places; those in drastic need of regeneration, renewal or transformation. However, Southern (2014) suggests caution in policy initiatives targeted at wealth creation and stimulating enterprise in low-income communities, due to the need to overcome long-standing structural disadvantages such places experience. For Southern there is a lack of a clear objective analysis of the role played by enterprise and entrepreneurialism in struggling local economies, and though policy interventions to alleviate poverty are laudable pursuits, there is no real correlation between enterprise policies and reduction in poverty levels. Rather enterprise can be a precarious dynamic that maintains social and economic disadvantage, in some instances.

Undoubtedly in rolling back the state, and in the 'age of austerity', public funding across Europe certainly, and more broadly internationally is shrinking and governments of all persuasions are exhorting public, private and civic partnerships and constellations of interests to seek, and hopefully find entrepreneurial solutions to many of the 'wicked' problems hitherto addressed by governmental policies and support. Across a whole swathe of policy fields, where severe retrenchment of public financial support is intensifying, there is growing evidence of many innovative initiatives and practices, to counteract the onslaught of budgetary cuts.

Thus, the focus of entrepreneurship research has six topics represented in Table 1.

Table 1 Topics

Topic	Theory	External Environment	Characteristics of entrepreneur	Type of entrepreneur	Type and sectors of enterprise	Entrepreneurial process
Central Concern	Economic Sociological Psychological	Policy Ideology Location Space Economic reality Legal	Gender Age Sex Education Religion Ideological frame Strategic Awareness Self-efficacy Networking Opportunity Recognition	Nascent Novice Serial Portfolio	Start-up MBO Franchising	Strategies for growth and survival

So why should there be an interest in Public Sector entrepreneurship?

Many (traditional) public servants are now urged to work in collaboration with non-state actors to satisfy common objectives. Nowadays a plurality of inter-relationships between state, market and civic institutions have become the focal point for co-production and co-responsibility of public service delivery and production of public value. These new relational forms of governance are not only a challenge to the role of government in advanced democracies, but they raise questions on what type of institutions, organizational and capacities are needed in future to synergise the state's own resources, capacities and knowledge with those of the market and civic institutions. Clearly this calls for less hierarchical, top down, bureaucratic forms of financing and delivery, and more horizontal, bottom up, facilitative or innovative ways of delivering public policies

The term 'public entrepreneurship' includes examples from a broad swathe of public, public-private and civic settings across multi-spatial levels, and state agencies and agents perform in not only engendering enterprise across sectors but also in creating the conditions in which enterprise can take place has hitherto been marginalised in entrepreneurship research in the field, if not entirely ignored. States have the legitimate authority to stimulate the connections, linkages, and partnerships within milieu to bring together the necessary individuals, agencies, organizations, resources and strategies to facilitate an eco-innovation system for enterprise. The reasons for this are complex, but one significant reason may be the reluctance to see entrepreneurial activity as being credible or possible, in the public sector. The 'iron cage' of rationality indeed. But, enterprise is there, it is just not spoken of, or those who practice it don't regard themselves as entrepreneurial (McElwee, et al, 2018).

Pollitt (2012) set public sector scholars a challenge to look beyond existing orthodoxies and find new multi-disciplinary, explanatory frameworks, to explain innovation, creativity and enterprise practices; those integrated and embedded characteristics of daily routines and rituals of public service life. Public entrepreneurs continually seek innovative ways of adapting structures, processes, and operations, but clarity is needed on how and why innovation, creativity, enterprise and risk-taking occur.

Furthermore, there are some significant philosophical questions to address, around why public sector entrepreneurship is an extant phenomenon, questions about how PSE manifests itself and the barriers to it and finally pragmatic questions: For example, Can entrepreneurship exist in the public sector? Is entrepreneurship compatible with key values of the public sector?

Other fundamental questions are about how people come together collectively to engage in entrepreneurial processes, the differences between traditional notions of

entrepreneurship and what is happening in a variety of ‘public’ and partnership settings to stimulate enterprising behaviour. Also, what might be learnt from the public realm or those ‘grey areas’; (McElwee et al 2017) spaces between formal, statutory and regulatory agencies and informal, fluid spaces where the public, private and civic worlds interact, and in which enterprise can flourish? How are different communities of interest assembled to occupy the spaces that government traditionally occupied? What are the opportunities and barriers for enterprise in the public realm?

### **Quality service provision and diminishing resource**

A wider range of literature can be accessed from multi-disciplinary scholarly perspectives to integrate concepts from management sciences, entrepreneurship, geography, anthropology, public administration, economics and social policy literatures to reflect on diverse theoretical and methodological approaches for uncovering data in this field of enquiry (Liddle, 2016).

Over the coming decades key challenges face public sector agencies worldwide, not least the need to provide high quality services within diminishing resources. Success in meeting these challenges will depend on how well public services are delivered and the types of support and resources leveraged from non-state partners. Global public sectors have a poor record on productivity despite dramatic investment, so the on-going global economic recession has brought into focus the '*innovation and enterprise imperative*' (Brown and Osborne, 2013, emphasis added). Literature is developing within this field (Bekkers et al, 2012, Brown and Osborne, 2013), but concepts are used interchangeably, resulting in a confusing array of terminology and ambiguity.

Though Newman (2002) suggests that public organizations have been encouraged to look to the business world for models of good practice in inculcating entrepreneurial values and to import dynamic leadership styles, the global financial meltdown since 2008 has shown how limited the commercial and private worlds are as a model for emulation. It is only now that it is recognised that in the UK, so called Private Finance initiatives (PFI), are flawed. The recent example of the collapse of Carillion<sup>1</sup>, testifies to the problems of out sourcing what were formerly, public sector responsibilities in all sectors. The fact that concepts and theories from the corporate entrepreneurship literature have rarely been applied in a public sector context raises important questions. For example, is this because the work on corporate entrepreneurship is context specific and therefore limited in its perceived usefulness? Are public sector organizations so different that they require an entirely different theoretical and methodological approach? There are few comprehensive answers to some of those urgent and critical issues facing societies in developed economies. Therefore, public and social value are part of a comprehensive approach to thinking about public

---

<sup>1</sup> Carillion was the UK’s second largest construction company which was one of the largest suppliers of services to the public sector. It employed 20,000 people and went into liquidation in 2018.

management and a continuous improvement for public services. Though the original concept of Public Value (Moore, 1995) has a normative underpinning, in essence it represents a way of understanding modern governance and how public services can deliver value to wider society. One way of ensuring that this happens is to be open to novel ways of transforming governance and public service delivery in co-production with other stakeholders, whilst still maintaining the ethos of public sector provision. Numerous national and international reports have highlighted the importance of innovation, entrepreneurship and co-production of service delivery to transform not only the structure and organisation of public organizations, but to alter the fundamental culture, behaviour and practices of government business (EC, 2000, 2013, OECD, 2013).

Furthermore, many governments are creating innovation hubs, with some using portals to gather new ideas from users and beneficiaries of public services (see portal.www.impots.gouv.fr for a French example). Thus, entrepreneurship and innovation are generally regarded as the key to future, visionary public services characterised by citizen engagement and co-production, rather than top-down hierarchies driving enterprising processes. However, many of the commercial and private sector models that public sector entrepreneurs are urged to borrow, adapt and use for guiding action, may not readily transfer to public sector settings with its myriad of constraints governing scope for innovation. It may come to pass that neither private/commercial nor public sector ways on their own are sufficient to explain enterprise or innovation as mechanisms for solving societal ills. Perhaps a merging of knowledge and understanding from multiple perspectives into an eco-system of innovation and entrepreneurship will help to facilitate deeper understandings of social transformation processes including public entrepreneurship. As society and its organizations evolve, there is need to appreciate the interactions between structures, processes and agency (adapted from Riggs, 1961)

Entrepreneurial, innovative and new ways of framing problems are rather conditioned by past experiences: what works in one sector, one area, one organisation will not necessarily work in another. The levels of leadership, capacity for enterprise, availability of resources, openness and willingness to change, are just a few of the many constraints facing those rising to the enterprise challenge. The resurgence of the entrepreneur and entrepreneurship in a multitude of public, private, and civic worlds has had a notable impact on transnational, national and sub-national policies (OECD, 2010, 2013) with governments of developed economies, regarding it as a necessity to plug the gaps in purely public sector provision of services and interventions, but in other developing countries such as The Democratic Republic of Congo where long standing poverty is endemic, enterprise can be a means of both survival and sustainability (Liddle and Zombo, 2016).

## **Images of Entrepreneurship**

Entrepreneurship is conceptualized as a manageable process with underlying dimensions of innovativeness, risk-taking, and proactivity but public-sector organizations are often conceptualized as monopolistic entities facing captive demand, enjoying guaranteed resources and levels of financing, and being relatively immune from external influences. This stereotype is quite inaccurate, as the contemporary public-sector organization faces unprecedented demands from a society that grows more complex by the day. One stream of entrepreneurship research suggests that entrepreneurship represents an effective strategic response to environmental turbulence. For Morris and Jones (1999) public entrepreneurship is '*a process of creating value for citizens by bringing together unique combinations of public/private resources to exploit social opportunities*' though there is limited empirical research on the key elements or corresponding dimensions. Imprecision on concepts is unsurprising, given that the public interest is difficult to identify, and changes over time. Moreover, the institutional context is complex, as is the unit of analysis, due to the variety of stakeholders involved in creating public value. However, Klein et al (2014.16) offer a broader and more robust definition as

*'public organizations are usefully analysed as entities that create and capture value in both the private and public sectors, as the public sector can act entrepreneurially by creating or leveraging bundles of capabilities to shape subsequent entrepreneurial action. This involves complex interactions among public and private actors, and co-evolutionary processes'.*

The term 'entrepreneurship' is not exclusively a private sector phenomenon, but it has usually been associated with private sector activities. Over the last two decades, the term has appeared frequently in public sector literature, with scholars challenged to look beyond existing orthodoxies and conceptual ambiguity to find new multi-disciplinary, explanatory frameworks. Rather than being focused on an individual who creates a business venture or the characteristics of model entrepreneurs, it has entered the public management and administration literature to encapsulate the ways in which economic, political, social and personal vitality is best used to achieve change and transformation (Kearney, et al, 2009), Somerville, et al (2011). Some scholars recognise the public sector needs to be more innovative and dynamic but acknowledge how more difficult it is to be a successful in this sector (Brown and Osborne, 2013). There are still distinct differences between public and private sectors, not least due to the political authority, democratic mandate and accountability mechanisms of the former, but as the public sector takes on more market orientated activities, and public managers work ever more closely in collaboration with non-state and civic actors and institutions, it is clear that there is a need for greater innovation and enterprise. Bernier and Hafsi (2007) point to other differences between public and private entrepreneurship suggesting that the former is characterised by 'sprawling dimensions, a specific value system, complex relationships with citizens who expect and demand more than they do from private organizations'.

The role of the entrepreneur has witnessed a resurgence in both economic theory and public policy making (Verheul, et al, 2001, yet the notion of the contribution of entrepreneurship to economic growth has been widely interpreted due to the lack of an accepted definition and notorious difficulty in pinning it down (Huggins, et al, 2014).

While, as already suggested, almost exclusively associated with private sector activity, the term "entrepreneurship" began to appear in public administration literature but used interchangeably, and not always helpfully, with the concept of innovation. It is a term that is often loosely defined and applied in diverse contexts. For example, earlier approaches sought to identify champions or pioneers who brought about dramatic change inside and beyond public sector organizations, those political or social entrepreneurs who bridged the public/private/civic sector boundaries those entrepreneurs who could affect transformations within specific localities (Schneider, et al, 1995, Murray et al, 2010). The term "entrepreneurship" has historically referred to the efforts of an individual who takes on the odds in translating a vision into a successful business enterprise. This myth has been rigorously challenged (Smith, et al. (2017). More recently, however, entrepreneurship has been conceptualized as a process that can occur in organizations of all sizes and types, bringing together a unique combination of resources to exploit an opportunity. This process requires both an entrepreneurial event and an entrepreneurial agent, or what McElwee et al (2018) call an *animateur*, who pose the question does entrepreneurship need entrepreneurs?

### **Some recent research on public sector entrepreneurship**

Entrepreneurship research contains thousands of definitions and conceptual frameworks to aid understanding, yet there is little clear agreement on how to research the topic and from which perspective. There is now an emerging body of work on social, community (Somerville, et al, 2011) and public entrepreneurship (Zahra et al, 2007). On the latter, maybe there is a need to rethink how the phenomenon can be conceptualized and studied in a more systematic fashion from various social science perspectives and management disciplines and theories. In the same way that public leadership has been broadly defined to encapsulate political, civic and bureaucratic/administrative elements, and possibly managerial, technocratic and professional leadership, it might be argued that the same categories apply within the field of public entrepreneurship (T'Hart, 2014).

The field of public administration with its emphasis on structures, processes and agency is no longer, in the main, focused on the traditional mechanistic, vertical approaches exemplified by rigid top down Weberian analyses but current public administration research is influenced by horizontal, biological, ecological forms of analysis (Hartly and Benington, 2011).

Much has been written on the way in which entrepreneurs seek novel solutions to traditional problems or create spaces for enterprise to flourish, see for example, Somerville and McElwee (2011). Public entrepreneurs must also identify how to sell ideas, frame issues in novel ways and create new dialogues to solve societal problems but always within the public interest, Schneider et al (1995). Places can be transformed not only by market solutions but also by building up social capital and the invention, adoption, diffusion and evaluation of novel ideas. Transformation can only arise by a process of continuous learning and stakeholder engagement (Gomes and Liddle, 2010). It is therefore important to appreciate how to unlock the embedded daily routines, rituals and practices of public entrepreneurship (Christie and Danson, 2016, Bekkers et al, (2003).

The entrepreneur has been variously described as a pioneer, trail blazer, risk taker, or disruptive individual (Brown and Osborne, 2013), but other categories have been added within the evolving public entrepreneurship field to include, *inter alia*, animateurs, change agents, champions, catalysts, advocates, bridge builders, brokers, coalition builders, navigators of institutional milieu, designers of novel situations, creators of opportunities for enterprise, connection makers and conceptualisers, policy and institutional entrepreneurs, boundary spanners, and constellation builders. What is important here however, is that the individual entrepreneur must have an awareness of the need for accountability frameworks within an institutional milieu, so not only do they need to seek novel solutions, and make the necessary connections within systems, they must also be aware of the need to 'account for one's actions'. Unlike their private sector counterparts, to be a public sector entrepreneur, whether from a political, civic and bureaucratic/administrative or managerial, technocratic and professional background (T'Hart, 2014) the need for vigilance on accountability frameworks is essential.

As discussed, the unit of analysis for much entrepreneurship research focuses on the individual actor or the organisation and not the context, but it is clear in the field of public entrepreneurship that although individual actors can be significant in stimulating novel ways of doing things, public sector activities are, in essence, collaborative ventures involving numerous individuals and agencies/institutions to bring about change and secure public value.

The institutional milieu of state agencies is a key element in creating the conditions for public entrepreneurship. The state has the legitimacy to stimulate connections, linkages, and bring together individual, agency, organizational resources and strategies, and this important intersection between private entrepreneurship and public administration can facilitate enterprise within various arenas of knowledge transfer.

Public entrepreneurs need also to develop cognitive maps and business models to guide behaviors (Najmaei et al 2016), foster relationships with stakeholders, build trust and learn from past experience. They are also concerned with building an evidence base, and creating a legacy. Strategically, in the same way that private sector entrepreneurs identify barriers to enterprise, public entrepreneurs must continuously monitor and review activities, identify tangible/intangible assets for strategic outcomes to be achieved, as well as re-design new services and social architectures.

## **Discussion**

The importance of public entrepreneurs in working alongside a multitude of stakeholders to deal with numerous global and internal environment forces (Gomes and Liddle, 2010) has been stressed; primarily amongst these are on-going budgetary and fiscal constraints. The pressures for reform, from above and below, have forced them to work in partnership with other agencies and actors to develop novel ways of determining delivery, evaluation and measurement of services (Liddle, 2016). Creating public/ social value is now an essential part of a comprehensive approach to thinking about continuous improvement and a way of understanding how modern governance can deliver effective public services to wider society. One way of ensuring that this happens is to be open to new ways of transforming governance and public service delivery in co-production with stakeholders. Moreover, there is an expectation of on-going re-invention, re-assessment and re-imagining a future public service, due to the likelihood of further limited state intervention, and a need to a rethink all operations, systems and ways of doing things (Brown and Osborne, 2013). Public services have changed cultures, behaviours and ways of doing things to become more akin to private and commercial sectors of the economy, but more recently, have involved civic and community/voluntary sectors in working together to solve 'wicked' issues (Liddle, 2016). There is general acceptance that no one agency alone can solve the huge economic, social and environmental problems across the globe, and that states must look beyond their narrow confines to seek collaborative solutions to societal ills. There are few ready-made answers to some of the urgent and critical issues facing society.

The lack of conceptual clarity on public entrepreneurship has more to do with the fact that 'the public interest' is imprecise and changes over time. As can be witnessed since the Second World War across Europe, the role and scope of the state and the 'public realm' have waxed and waned, with at some points high levels of state intervention, and more recently a retreat of the state from delivering welfare and other public services. It is difficult to decide on the unit of analysis to be the focus for examining the public realm, and this has been exacerbated by the plurality of inter-relationships between state, market and civic institutions as a focal point for co-production and co-responsibility of public service delivery and production of public value (Moore, 1995). These new relational forms of governance have challenged the role of government in advanced democracies raising questions about what types of institutions,

organizational and leadership capacities are required to deliver public goods, and how can the state align its own resources, capacities and knowledge with those of the market and civic institutions.

Public problems are challenges to actors who work in combination with public and private/civic collective action and enterprise, to unleash energy, vision, vitality and endeavour from multiple state and non-state agencies, organizations and agents to pursue a variety of social (and increasingly economic) objectives. Public entrepreneurship takes place in specific institutional and political contexts, bounded by numerous constraints, but actors are still exhorted to be entrepreneurial in collaborating with private and civic entrepreneurs to find solutions to societal ‘wicked’ problems. They must be alert to the environmental forces (internally and externally) and be aware of potential opportunities for novel solutions, as well identifying disruptive proclivities such as the appetite for change, innovation and risk in choice of strategies. Unlike the commercial sector with the emphasis on competition and profit maximization, perfect markets and information, uniformity and homogeneity, public sector entrepreneurs often collaborate rather than compete, they rarely operate in perfect markets, and information is at best messy or incomplete, with service provision heterogeneous, multi-purpose and far from uniform.

Most public agencies are still largely owned by the state and this factor places a severe constraint on how well state actors can develop new forms of organization or undertake mergers or acquisitions with partners to develop novel solutions to problems. However, in a British context, at least, deregulation policies of recent past, coupled with asset sales to civic institutions (under Localism legislation); hiving off of property to the commercial world; privatizing activities, or being exhorted to work in partnership with civic and business partners have all increased the scope for entrepreneurial action. These have all allowed public agencies to recognize new opportunities, garner resources from a variety of state and non-state sources, borrow on the world markets, and create new governance structures to solve societal problems. There are countless examples of merging of private, public and civic assets and resources to seek to tackle socio-economic and environmental problems. A large percentage of the overall public finance for public agencies is derived from the central state and obviously, this prevents innovative and entrepreneurial behavior and limits the scope for enterprise. However, there is evidence that to show that some public agencies seek external funding from banks and financial borrowing, raise fees from users of services or sell off assets. For example, in some parts of England, local authorities in particular are being allowed to retain business rates if they can prove evidence of being enterprising in their locality i.e joint identification of key socio-economic priorities, and choice of strategies to achieve transformations in the locality.

Over the past 30 years, with the advent of the ‘re-inventing government’ movement in the US, ideas gathered apace in the UK and beyond as NPM reached prominence. This led to an extensive period in which the public services aped the private and commercial sectors of the economy towards a more market driven and commercially attuned public sector, an anticipated, consequential improvement in productivity and efficiency. Many commentators opined at the time that private sector equalled efficiency, economy and value for money, whereas a public sector imbued with red tape and bureaucracy equalled inefficiency, ineffectiveness, and poor value for money. This view is still quite prevalent, and the consequences of the on-going global financial meltdown are still being felt it, so it is pertinent to reflect on whether the entrepreneurial values and dynamic leadership styles borrowed from the private and commercial sectors, and embodied in many management school training and education courses are appropriate in dealing with modern day problems, or are they severely limited in execution? Is the commercial world really a good model for emulation, or might it be that concepts and theories from the corporate entrepreneurship are so context specific and limited in perceived usefulness because public sector organizations are so different that they require an entirely different theoretical and methodological approach?

## **Conclusion**

Undoubtedly, there is a huge literature on private and commercial sector entrepreneurship, and this is understandable when viewed from the perspective of a body of work with a strong Schumpeterian legacy. However, are existing models still appropriate to explain contemporaneous state transformations, in particular the retreat of the state in many policy fields, and the partnership engagement of other business and civic organizations? In public entrepreneurship research, it is imperative to look beyond existing orthodoxies and find new multi-disciplinary, explanatory frameworks, to explain innovation, creativity and enterprise practices. Existing research has failed to examine where there might be numerous opportunities for transformation, as well as the key actors and agencies driving change. There is little evidence to show how rules are changing, what the key constraints on public entrepreneurship are, or the types of novel approaches to creative use of resources and capabilities.

There is a growing, though limited body of work on how agencies and agents come together collectively to engage in entrepreneurial processes, but traditional notions of entrepreneurship have not really facilitated data collection in this area, mainly due to the theoretical and methodological approaches used in traditional entrepreneurship research. It is important to understand what is happening in a variety of ‘public’ and partnership settings, and focus on varied units of analysis, to show who stimulates enterprising behaviour, and how enterprising processes are both developed and managed. Moreover, much could be learnt from the ‘grey areas’, or spaces between

formal, statutory and regulatory agencies and informal, fluid spaces where the public, private and civic worlds interact, and in which enterprise can flourish. It is vital to understand how communities and constellations of interest now occupy the spaces that government traditionally occupied, and how entrepreneurial they can be. Moreover, it would be useful to know what opportunities and barriers to enterprise exist in the public realm. Fundamentally, the question ‘does entrepreneurship, as conventionally conceived, really apply, or not, in a public sector context?’ Moreover, if entrepreneurship exists in the public realm then surely future researchers need to be provided with robust conceptual and theoretical tools to uncover all the rich data available.

In most fields of enquiry, a bank of qualitative case materials is built up as evidence of the realities of the empirical world, thus researchers could go beyond case material and start to sense make, look for patterns, form categories and develop innovative theories as a basis for future enquiry that is systematic, diligent and critical. Without this, the field of entrepreneurship, in either private or public sectors lacks the robust, coherent, and systematic scientific foundation for the future.

This paper moves the study of entrepreneurship in the public interest from the periphery of entrepreneurship scholarship, to the core, because public organizations are relatively under –studied in strategic entrepreneurship literature. Much interesting research and practice is ‘locked’ into organizations and partnerships between organizations, the places where public managers face the daily onslaught of change, and respond to a myriad of external and internal forces. Many new activities take place in ‘novel arenas of action’ not always captured or fully recorded for wider dissemination. Interesting research and practice remains ‘locked’ either within organizations where public managers face the daily challenges of change, or not recorded at all due to the multi-sectoral and multi-spatial ‘spaces’ in which change takes place. Enterprise is enacted across organisational boundaries, but spatially many partnerships are not nested in a hierarchical constitutional order between central and local government; instead they are characterised by imprecise boundaries not coterminous with existing public sector structures. Public and non-state actors must navigate relationships and seek co-operation across fragmented horizontal relationships within a complex set of vertical structures. Each member to a partnership or set of collaborative arrangement brings their own legitimacy and representative accountability, and though the agencies involved have no democratic mandate, each claims representativeness from a parent agency.

They are clearly being entrepreneurial and innovative in coping with policy shifts, but it is the role of the academic researcher to collect, analyse and systematically disseminate such findings. Public sector innovation and entrepreneurship, or any new ideas that create value for society, are not new, but what is essential is to make more

*conscious* and *systematic* approaches to creating innovative solutions for effectively addressing some of the most pressing societal challenges.

Future research would be interesting to determine whether the issues developed here are applicable in the public sector in developing economies.

## REFERENCES

- Bekkers, V, Edelenbos, J and Audretsch, DB. (2003) "Entrepreneurship policy and the strategic management of places", in Hart DM (eds) *The emergence of entrepreneurship policy: governance, start up and growth in the US Knowledge Economy*, Cambridge, CUP
- Steijn, B (2012) *Innovation in the Public Sector*, Palgrave Macmillan, Basingstoke,
- Benington, J and Moore M. (2011) "Public Value in complex and changing times", in Benington, J and Moore M (eds) *Public Value: Theory and Practice*, Palgrave Macmillan, Basingstoke, pp. 1-20
- Bernier, L, and Hafsi, T. (2007) "The changing nature of public entrepreneurship", *Public Administration Review*, Vol. 67 No. 3. pp. 488-503
- Brown, K and Osborne, S.P. (2013) *Managing change and innovation in public service organizations*, Routledge, London
- Christie, L, Danson, M. (2016) "Glasgow's Post-Entrepreneurial Approach to 2014 CWG Legacy in 2016" in Liddle J (ed) *Contemporary Issues in Entrepreneurship Research: New perspectives on research policy and practice in Public Entrepreneurship*, Emerald
- Dunleavy, P and Hood, C. (1994) "From Old Public Administration to New Public Management", *Public Money and Management*: Vol. 5 No. 3 pp. 9-17
- Etzioni, A. (1959). Authority Structure and Organizational Effectiveness *Administrative Science Quarterly*, Vol. 4 Issue 1 pp. 43-67
- Florida, R. (2002) *The rise of the creative class*, Basic Books, New York, NY,
- Florida, R. (2008) *Who's your city? How the creative economy is making where you live the most important decision of your life*, Basic Books, New York, NY,
- Glaeser, E. L. (2007) *Entrepreneurship and the city*, Discussion paper number 2140 Harvard Institute of Economic Research
- Gomes, R. C., Liddle, J, and Gomes, L.M. (2010) "A Five-Sided Model Of Stakeholder Influence", *Public Management Review*, Vol. 12 No. 5 pp. 701-724
- Harvey, D (1989) "From managerialism to entrepreneurialism: The transformation in urban governance in late capitalism", *Geografiska Annaler*, B, 71: pp. 3-17
- Huggins, R, Morgan, B and Williams, N. (2014) "Regions as enterprising places: Governance, policy and development", in Pugalis. L and Liddle. J (2014) *Enterprising places: Leadership and governance networks*, Emerald
- Jones, P. (2016) [Editorial: New challenges and fresh perspectives on entrepreneurial research](#) International Journal of Entrepreneurial Behaviour and Research Vol. 22 No. 1, pp. 1-4
- Kearney, C, Hisrich, R.D, and Roche, F, (2009) Public and private entrepreneurship: similarities, differences or a combination, *Journal of Small Business and Enterprise Development*, Vol. 16 No. 1 pp. 26-46
- Klein, PG., Mahoney, JT, McGahan, AM and Pitelis, CN (2010), ["Toward a Theory of Public Entrepreneurship."](#) *European Management Review*, Vol. 7 No. 1, pp. 1-15.

- Klein, P, Mahoney, J.T, McGahan, A.M, Pitelis, C (2014) "Capabilities and Strategic Entrepreneurship in Public Organizations", *Strategic Entrepreneurship Journal*, <http://inside.rotman.utoronto.ca/anitamcgahan/entrepreneurship-in-the-public-interest> 03/04/2014, dowloaded 10<sup>th</sup> October 2015
- Liddle, J. (2015) Regions Newsletter, 302 , Editorial, RSA Sleaford
- Liddle, J. (ed) (2016) *Contemporary Issues in Entrepreneurship Research: New perspectives on research policy and practice in Public Entrepreneurship*, Emerald Series,
- McElwee, G., Smith, R. & Lever, J. (2017) 'Illegal activity in the UK halal (sheep) supply chain: towards greater understanding' *Food Policy* Vol. 69 pp. 166-175
- McElwee, G., Smith, R. & Somerville, P. (2018) 'Conceptualising animation in rural communities: The Village SOS Case' *Entrepreneurship and Regional Development* Vol. 30 No. 1-2 pp. 173-198
- Moore, M. (1995) Creating Public Value: Strategic management in government; Cambridge MA, Harvard Business Press
- Morris, M. H and Jones, F.F. (1999) Entrepreneurship in established organizations: The case of the Public Sector, *Entrepreneurship, Theory and Practice*, Vol. 24 No. 1 pp. 16-28
- Murray R, Caulier-Grice J, and Mulgan, G. (2010) *The open book of social innovation, London*, The Young Foundation
- Najmaei, A, Sadeghinejad, Z. (2016) "Towards a theory of business models and business modelling in Public Entrepreneurship in 2016" Liddle J (ed) *Contemporary Issues in Entrepreneurship Research: New perspectives on research policy and practice in Public Entrepreneurship*, Emerald
- Newman, J. (2002) "The new public management, modernisation and institutional change: Disruptions, disjunctions, dilemmas", in McLaughlin K, Osborne S P, Ferlie E (eds) *New Public Management: current trends and future prospects*, Routledge, London
- Osborne. S.P and McLaughlin. K. (2002) "New Public Management in context", in McLaughlin K, Osborne SP, Ferlie, E. (eds) *New Public Management : Current trends and future prospects*, London, Routledge pp 8-14
- Osborne, S. P, Radnor, Z. and Nasi, G (2013) A new theory for Public Sector Management? Towards a (Public) Service Dominant Approach. *American Review of Administrative Sciences*, Vol. 43 No. 2 pp 134-160
- Osborne, D, and Gaebler, T. (1992) *Reinventing government; How the entrepreneurial spirit is transforming the public service*, Addison Wesley Publishing,
- Osborne, S. (2010) *The New Public Governance? Emerging perspectives on the theory and practice of public governance?* Oxon, Routledge
- Ostrom, E. (1965). *Public Entrepreneurship: A Case Study in Ground Water Basin Management*, Los Angeles, University of California.
- Pollitt C (2012) "Innovation in the Public Sector: An introductory overview," in Bekkers V, Edelenbos J, Steijn, B. (2012) *Innovation in the Public Sector*, Macmillan, Basingstoke, 35-43

- Porter M E (1995) "The competitive advantage of the inner city", *Harvard Business Review*, Vol. 73 No. 3 pp 55-71.
- Riggs, F.W. (1961) *The ecology of public administration*, New Delhi, Asia Publishing
- Schneider, M, Teske P, Mintrom, M. (1995) *Public Entrepreneurs: Agents for change in American Government*, Princeton University Press
- Somerville, P., & McElwee, G. (2011) 'Situating Community Enterprise: a theoretical exploration' *Entrepreneurship and Regional Development* Vol. **23** No. 5/6) pp. 317-330
- Southern, A. (2011) *Enterprise, Deprivation and Social Exclusion: the role of small business in addressing social and economic inequalities*, Routledge, New York
- Stone, C.N. (1993) "Urban Regimes and the capacity to govern: A political economy approach", *Journal of Urban Affairs* Vol. 15 No. 1 pp 1-113
- T'Hart, P. (2014) *Understanding public leadership*, Palgrave Macmillan, New York
- United Nations (2006) Reform of Public Services, World Public Sector Report, New York, United Nations Economic and Social Committee
- Verheul I, Wennekers, S, Audretsch DB and Thurik, A.R. (2001) *An eclectic theory of entrepreneurship: Policies, institutions and culture*. Tinbergen Institute, Discussion Paper number T1 2001-030/3
- Zombo, M and Liddle, J. (2016) *The emergence of social innovation in an impoverished part of Africa: The case of Kikwit, Democratic Republic of Congo*, EGPA Conference, Toulouse, France