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## Contextualising public entrepreneurship in Greek local government austerity

### Abstract

**Purpose:** Public entrepreneurs are an under-researched group in local government. This research paper sets out to explore the contextual complexities of public entrepreneurs who pursue more creative ways of “doing more with less” to cope with dynamic financial and societal anxieties of Greek local government fiscal austerity policy reforms. Precisely, this study aims to our understanding of how specific contextual influences impact, firstly, on the nature of public entrepreneurship and, secondly, on manifested outcomes. A systematic approach marks our attempt to assess the broader impact pointing out the implications for research, policy and practice.

**Design:** A case study of Greek local government draws on 26 in-depth semi-structured interviews with public entrepreneurs across top, middle and front-line levels of management, field notes, documentary and archival evidence.

**Findings:** The findings demonstrate unique Greek contextual complexities such as contradictory tensions between triggered decentralisation of control and responsibilities of the local government and attempts of external reinvention rather than internal renewal. These complexities influence public entrepreneurs’ systemic entrepreneurship behaviours in Greek local government since the implementation of fiscal austerity policy reforms in 2010. Their representation is manifest in policy, administrative and technological outcomes with public value consequences.

**Originality:** This research contributes to a deeper understanding of public entrepreneurship in context. Greek local government public entrepreneurs bring original insights on the contextual influences of their systemic enactment and manifested outcomes, with implications for research, policy and practice.

**Keywords:** public entrepreneurship; fiscal austerity; Greece; local government;

## Introduction

Progressive public entrepreneurship draws attention to the role of context in enacting agents' engagement in risk-taking activity (Zahra *et al.*, 2014). In contrast, public services require new entrepreneurial opportunities as an inherent part of societal activities (Perenyi *et al.*, 2018). Diverse contextual effects shape these activities, as recent research highlights the importance of context to explain entrepreneurial actions and their outcomes (Smallbone, 2016). The meaning of context in theory illuminates the connection of enabling or constraining external environments (Rousseau and Fried, 2001) and their multidimensional impact on entrepreneurship. This is because context is viewed as stimuli in the external environment (Mowday and Sutton, 1993) that accounts for complexity, uniqueness and richness of entrepreneurship research (Zahra, 2007) and our understanding of the origins, forms, micro-processes and outcomes of entrepreneurial activities (Autio *et al.*, 2014). Taking a context lens also allows for framing entrepreneurship through lower-level (opportunities identified by the public entrepreneur) and higher level (political and economic system) analysis (Welter, 2011). Nevertheless, the public entrepreneurship literature illustrates little consensus on the contextual influences of micro-processes activating entrepreneurial action at multiple levels, as context is often taken for granted (Johns, 2006). Surprisingly, the question of contextual influences on entrepreneurial innovation has also received less attention (Autio *et al.*, 2014). Scholars call for further studies to highlight the contextual challenges that account for these entrepreneurial activities (Zahra and Wright, 2011), paying attention to local events and factors influencing entrepreneurs (Su *et al.*, 2015).

Zahra *et al.* (2014) emphasises that contextualising entrepreneurship fosters creative and novel analyses, whereas various situational attributes become an integral part of the research process. Advances in public entrepreneurship research further attempt to systematise the

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3 contextual dimensions that impact on the nature and contributions of entrepreneurial  
4 activities. In this regard, Johns (1991) distinguishes between substantive individual or group  
5 and methodological contextual dimensions of illustrated situational opportunities and  
6 constraints that affect entrepreneurial behaviour (2006, p. 386). Precisely, Johns (2006) refers  
7 to the task context (such as uncertainty, the degree of autonomy, accountability, the  
8 availability of resources), the social context (such as social density, social structure and direct  
9 social influence) and the physical context (temperature, light, the built environment, décor).  
10 In contrast, Zahra and Wright (2011) identify contextual variables in entrepreneurship, such  
11 as the institutional, temporal, industry, market, spatial, organisational, ownership and  
12 governance. Whereas Levie *et al.* (2014) develops a more systematic framework of  
13 dimensions to demonstrate the contextual influences on interactions between individuals, their  
14 environments and the outcomes. Nevertheless, others suggest that systematic data of  
15 entrepreneurial innovation and performance are necessary in order to address the effects of  
16 the context on the nature of entrepreneurship (Autio *et al.*, 2014).  
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36 Accordingly, this paper uses contextualisation in the sense of placing public entrepreneurship  
37 within its natural setting focusing our understanding of how specific contextual influences  
38 impact on its nature and manifested outcomes. Precisely, this contextual approach to public  
39 entrepreneurship in the Greek fiscal austerity during the debt crisis explores the complexities  
40 that enable or hinder public entrepreneurs in local government. In doing so, this study  
41 contributes to a deeper understanding of public entrepreneurship theory and demonstrates that  
42 local government is manifest in representations of enhanced performance and fostered  
43 entrepreneurial behaviours - an important reason why public entrepreneurship has become  
44 associated with government transformation of incentives and culture (Osborne and Gaebler,  
45 1992) and has been considered essential for effective use in public policy, decision-making  
46 and practice (Leadbeater, 1997).  
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3 The findings show that the Greek local government is a critical case in public entrepreneurship  
4 reforms within a context of extreme fiscal austerity since the outburst of the debt crisis in the  
5 country in 2010 (Fouskas and Dimoulas, 2013). In a setting of external conditionality strategy,  
6 these reforms are stimulated by large-scale cutback measures following a New Public  
7 Management agenda and leading to changes in public administration and governance  
8 practices (Featherstone, 2015). These transformations are prominent of contradictions  
9 following the public sector response to the recent global recession and bringing into question  
10 decentralising policies of the last decades (Peters, 2011). The Greek local government is  
11 indicative of such reforming complexities, being subject to created tensions between the need  
12 for open source governance systems to counter existing centralised fiscal control of decision-  
13 making and public expenditure.  
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30 The paper is structured as follows. First, highlights of the Greek local government  
31 transformation in the period 2010-2014 demonstrate the nature of contextual patterns for  
32 systemic public entrepreneurship to emerge. Second, a review of public entrepreneurship in  
33 local government is examined through the lens of public administration. Third, the case study  
34 research approach sets out to emphasise the rationale. This follows a thematic presentation of  
35 findings -the contextual systemic public entrepreneurship drivers associated with cost-cutting  
36 reforms as well as manifestations of public entrepreneurs' enactment. Finally, the case study  
37 discussion reveals two modernisation paradoxes that serve to illustrate our focus on how the  
38 contextual complexities impact on systemic public entrepreneurship emergence and  
39 outcomes. These are manifest through an exploration and implementation of policy,  
40 administrative and technological innovations for enhancing local government performance  
41 with public value consequences. These increase the importance of public entrepreneurs'  
42 actions following their systemic enactment. It is for this reason that convergence requires a  
43 more open and democratic governance.  
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### ***The Greek local government transformation in the period 2010-2014***

Local governments are expected to act as open platforms that embrace innovation and public entrepreneurship, encouraging public engagement in improving the quality of services and citizens' greater trust in public institutions (EU, 2013, p.2). In the case of Greece, public management reforms have been constantly on the national agenda, whereas their content and tactics have been subject to global socio-political dynamics, particularly after the outburst of the debt crisis in 2010 (Zahariadis, 2014). A fiscal consolidation policy has been forced by the Troika of public creditors –the International Monetary Fund (IMF), the European Commission and the European Central Bank-who determined the objectives and the timeframe of reforms to adapt urgent domestic costs on the basis of an external conditionality strategy, being a core instrument of the European Union system of governance (Featherstone, 2015). This is, however, what makes Greece a critical case in public administration (Flyvbjerg, 2006), compared to other European countries as Spain, Italy, Portugal and Cyprus where the debt crisis has been extended (Spanou and Sotiropoulos, 2011).

Reforms in Greece are perceived as a fiscal problem linked with the implementation of a New Public Management agenda of austerity measures aimed to reduce the size of the state (Featherstone, 2015) and cut local government public expenditure (Akrivopoulou *et al.*, 2012). This is important because the specific historical, cultural and politico-administrative context had prohibited a decisive break with the well-established Napoleonic tradition of Southern European countries and “the country had not closely followed the New Public Management trend” (Spanou, 2008, p.153). New Public Management reforms may have been temporally adopted by law before 2010 (Spanou, 2008, pp.168-169), but these were given low priority from central and local political leaders and were met with indifference by civil servants (Sotiropoulos, 2015).

### The Greek “Kallikratis” Reform Programme

In May 2010, the Greek local government launched “Kallikratis” Programme (Act 3582/2010) on the “New Architecture of Self-governing Entities and De-concentrated Administration” as a remedy against the fiscal crisis (Hlepas, 2013). In response to pressures for Europeanisation, this strategy also aimed precisely to combine territorial consolidation with extensive autonomy in sub-national decision-making processes (Chorianopoulos, 2012) in consistency with the European Union’s multi-level governance system and Lisbon Treaty provisions (Souliotis, 2013). “Kallikratis” has had two major objectives: a) to reduce public spending to improve effectiveness b) to fulfil decentralisation, legality and supervision. Multi-level partnerships between public authorities and the civil society would promote a new culture of open governance to generate new economic activity and face uncertainty (Bertrana and Heinelt, 2013). Accordingly, the new local government structure comprised of less than 1/3 of institutions in comparison with the past (Avdikos, 2013). Innovative legislations strengthened the democratic processes of local communities enabling cross-sector collaborations to improve flexibility and responsiveness in public service delivery (Hlepas, 2011, p. 84).

Greek local government fiscal dependency on the central state, however, illustrates limited autonomy and inconsistency with self-governance capacity (Hlepas, 2013). The implementation of “Kallikratis” Programme has been restrained in practice. The critical universal funding crisis of 2008 found the Greek local government as one of the most dependent in Europe on central government transfers at a rate of 70% of their total expenditure, when the EU average is 44% (EU, 2012). Since 2010, Central Autonomous Funds (CAFs), which cover 46%-49% of total revenues of municipalities, were cut by 50% (EU, 2012). Funds transfer from the central state to local authorities to perform their increased responsibilities remains an unfulfilled promise, leaving them with limited tax and legislative



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3 autonomy and insufficient means to deliver “more with less” public services (Akrivopoulou  
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5 *et al.*, 2012).  
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9 Recentralisation facilitated the rapid implementation of fiscal austerity measures, however,  
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11 bringing the long-lasting “era of decentralisation” to an unhappy end (Hlepas, 2015, p. 5).  
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13 Their institutionalisation by the local authorities ruptured citizens’ trust in the political system  
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15 (Souliotis, 2013). This is because as Hlepas (2011, pp. 82-86) puts it, “local democracy cannot  
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17 be realized yet, since decentralisation, party accountability and party internal democracy are  
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19 still an unsatisfied demand... and this interaction seems to remain unrealized in party reform  
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21 programs and proposals concerning the enhancement of local government and local  
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23 democracy”. Ladi (2012, p.28) states that the extent to which the fiscal crisis has prompted a  
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25 paradigmatic shift in administrative reforms has remained ambiguous. This has been extended  
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27 and transformed into a social and political crisis, whereas extremism has gained ground (Ladi,  
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32 2014, p. 179).  
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### 35 ***Public entrepreneurship in local government*** 36

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39 The emergence of public entrepreneurship in local government is a growing interest in public  
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41 administration over the last twenty years, since public services have been challenged by  
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43 environmental complexity (Zerbinati and Souitaris, 2005; Liddle, 2016). On one hand, the  
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45 advancement of multi-level governance has increased opportunities for greater autonomy  
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47 (Keating, 2014) and has revealed public entrepreneurship as a constructive point of self-  
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49 governance (Aligica, 2018). On the other hand, local governments face serious turbulences  
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51 (Wolman, 2014) caused by the decline in governmental funding and the local fiscal base in  
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53 contradiction to the imposition of local taxes increase and public expenditure cuts, thus  
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55 challenging citizens’ higher demands for less costly and better quality of services. Under this  
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57 complexity, public entrepreneurship represents a means for local governments to be  
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3 transformed into more flexible and responsive entities that serve their taxpayers more  
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5 effectively (Mack *et al.*, 2008).  
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9 Public entrepreneurship offers local government a settlement for innovative capability to  
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11 generate new economic activity that can reduce uncertainty and drive economic growth  
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13 (Johnston and Fenwick, 2018; Rossiter and Smith, 2017). In particular, local governments  
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15 experiencing fiscal distress can be expected to innovate more than non-fiscally stressed ones  
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17 (Wolman, 1986). In turbulent times, systemic entrepreneurship involves process-based  
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19 innovations that can improve government operations (Osborne and Gaebler, 1992). For  
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21 example, Bernier and Hafsi's (2007) contextualised entrepreneurship structures lead to heroic  
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23 or systemic entrepreneurship and renewal involves individual creativity that enhances  
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25 performance choice and image among citizens. Since context matters in public  
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27 entrepreneurship (Smith *et al.*, 2013), public entrepreneurs' decision-making cannot be  
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29 considered in isolation from contextual administrative traditions and culture. This is important  
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31 for this study which aims to deepen understanding of public entrepreneurship within the  
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33 challenge of "doing more with less" (Benington and Moore, 2011, p. 12). The impact of these  
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35 contextual influences on Greek local government create a unique situation, as Bernier and  
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37 Hafsi (2007, p. 491) show "the dancer does not necessarily have to be separated from the  
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39 dance". This means that, under conditions of fiscal austerity, entrepreneurship emerges as a  
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41 strategic phenomenon (Sadler, 2000). New entrepreneurial opportunities emerge through a  
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43 process of social construction and cannot exist as separate from the entrepreneur (Fletcher,  
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45 2006). Drawing on Seo and Creed (2002, p. 226), a "paradox of embedded agency" illustrates  
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47 for an individual to transform an organisation must first free himself of the environment in  
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49 which one exists. Conversely, as will be shown in this paper, separating an individual from  
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51 the organisation proved to be problematic to explain how individuals may shape institutions  
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(Battilana, 2006), particularly within the public sector (Radnor *et al.*, 2013), however, analysis of the individual level is out of scope in this paper.

According to Baez and Abolafia (2002, p. 525), the entrepreneurial potential of public administrators is linked with the local government reinvention literature about how change and innovation can occur in public organisations. This is because since the 1990s, public entrepreneurship has been linked with reforms towards efficiency and effectiveness in local government, placing emphasis on cross-sector collaborations as a bottom-up tool of local growth and public governance (Hodge and Greve, 2007). In this context, several studies illustrate public entrepreneurs' skills as innovators in understanding the dynamics of organisational change and their creativity in advocating solutions to policy problems (Brower and Abolafia, 1996, p. 287; Schneider *et al.*, 1995). Nevertheless, most studies have been conceptual or ad hoc biographies of either top or middle level public entrepreneurs highlighting the individual and structural factors that have influenced their successful enactment mainly in a US context (Lewis, 1980). Instead, less studies focus on the contextual conditions under which public entrepreneurship might emerge in local government or explore an organisational perspective, as shown in Table 1.1:

Highly associated with the mainstream entrepreneurship literature are opportunity based conceptualisations of public entrepreneurship (Shane and Venkataraman, 2000), whereas other studies have moved the notion of entrepreneurship from the "firm profit-making" stereotype to social potential (Weerawardena and Mort, 2006, p. 22). The current study adopts Roberts (2002) and Morris and Jones (1999, p. 74) approach of public entrepreneurship that defines "the generation, design and implementation of an innovative idea into public sector practice for creating value for the citizens by bringing together unique combinations of public and/or private resources to exploit social opportunities". Accordingly, entrepreneurship is a

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3 process of identifying and pursuing opportunities by individuals and organisations (Currie *et*  
4 *al.*, 2008) and characterized by *Innovativeness* in problem-solving of innovative services;  
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6 *Risk-taking* to mitigate risk in pledging resources; and *Pro-activity* to safeguard  
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8 entrepreneurship by anticipating failure (Morris and Jones, 1999, p. 86). A growing body of  
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10 evidence suggests that public entrepreneurs are a source of influence on policy outcomes  
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12 within a multi-level governance system, disrupting the status quo and pursuing new policy  
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14 initiatives (Catney and Henneberry, 2016) seeking collaborative action to cope with collective  
15  
16 challenges. A more collaborative service delivery model highly promotes an innovative and  
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18 proactive role for local government in steering society to respond to societal and financial  
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20 expectations (Morris *et al.*, 2008). Public entrepreneurship is, thereafter, viewed as a local  
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22 governance strategy of decentralisation involving multi-actor collaborative synergies.  
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30 Nevertheless, scholarship observes that research exploring the role of entrepreneurship in the  
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32 public sector is still in its infancy (Meynhardt and Diefenbach, 2012). Furthermore, public  
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34 entrepreneurship in local government is under-explored (Smith, 2014). Prior studies  
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36 concentrate on public enterprises (Morris and Jones, 1999; Sadler, 2000) or the public  
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38 educational contexts (Boyett, 1996; Boyett and Finlay, 1993) and are conducted mainly in the  
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40 US and UK public sector, with less studies in other European public administration traditions  
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42 (Meynhardt, 2009; Meynhardt and Diefenbach, 2012). In the Greek context, few studies are  
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44 identified, focusing on front-line staff entrepreneurial behaviour in prefectures (Zampetakis  
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46 and Moustakis, 2007). This, however, has restrained a deeper understanding of what public  
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48 entrepreneurship represents as a strategic phenomenon in coping with inadequate government  
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50 performance beyond choices involving raising taxes or cutting services (Salazar, 1997).  
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## Methodology

A recent call for a contextualised approach to entrepreneurship research highlights the importance of qualitative methods (Henry and Foss, 2015), which can arguably offer better fit with entrepreneurial processes, individuals and phenomena (Smith *et al.*, 2013). In the light of this, an exploratory case study from different lenses within its context using a variety of data sources enables understanding of the contextual dynamics and potential “paradoxical evidence” (Eisenhardt, 1989, p. 546). This is based on multiple interviewees’ perceptions and own sense of meaning within a setting that cannot be detached from the organisational context within which it exists (Merton *et al.*, 1990). This paper responds to limited qualitative and case studies in public entrepreneurship considering the particularities at local government (Smith, 2014, p. 709).

The paper takes a constructivist epistemological stance to demonstrate that within economic structures of social nature - public services and public entrepreneurs characterise active agents who are constrained by specific contextual boundaries (Wood and McKinley, 2010). Similarly, public entrepreneurs are enabled by their attempts to build coalitions and consensus, needed to influence economic structures that give rise to entrepreneurial opportunities (Felin and Zenger, 2009). Subsequently, existing patterns of policy tend to create an unsettling atmosphere, which is beneficial in the creation of opportunities for innovation (Peters, 2011).

Data were collected during 2014 through 26 in-depth semi-structured interviews with formally nominated local government officials from top, middle and front-line levels of management. Participants selected for their roles and positions within the setting were considered “experiential experts” on the phenomenon (Yin, 2004, p. 45). Data gathering expanded beyond accounts of top levels open to the possibility that entrepreneurial leadership

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3 was distributed internally throughout the organisation to elicit richer descriptions (Currie *et*  
4 *al.*, 2008). Wider secondary data sources such as documentary, archival evidence and field  
5 notes were used to triangulate participants' perceptions and extend understanding of findings  
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10 (Bryman and Bell, 2011).  
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13 Data collection and analysis were developed progressively. This aimed to creatively organise,  
14 find patterns and elicit themes that "characterised participants' perceptions or experiences  
15 relevant to the research question" (King and Horrocks, 2010, p. 150). In this regard, a thematic  
16 inductive approach was applied in analysing qualitative textual data (Braun and Clarke, 2006),  
17 while emerging themes became the coded categories for analysis (Hsieh and Shannon, 2005).  
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19 These are shown in Table 1.2 below:  
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28 N-Vivo 10 assisted in synthesizing the account of the dataset (Morse, 1994). This allowed  
29 conceptual clarity to enhance rigor (Barzelay, 2007).  
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### 34 **Research findings: Enacting Systemic Public Entrepreneurship**

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36 The contextual complexities that appear to enact systemic public entrepreneurship in Greek  
37 local government draw attention to tensions sharpened by the radical fiscal austerity policy  
38 reforms implemented since the outburst of national debt crisis in 2010. In this regard, four  
39 categories of findings prevailed, as presented below in Table 1.3:  
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#### 47 *Cost-cutting reforms in Greek local government*

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49 The first category of findings demonstrates that cost-cutting reforms in Greek local  
50 government were implemented in response to fiscal crisis and urged centralised decision-  
51 making, as shown in Table 1.4:  
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57 Downsizing of public services in the aim of reducing the state size appears to have prevailed,  
58 while attempting general government transformation. According to public administrators,  
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3 “the public sector has been already downsized at a rate of 30%”. Greek local government  
4 was forced to contribute to national fiscal consolidation efforts by cutting public spending and  
5 employment. In this purpose, numerous public services were subject to “sudden death”; this  
6 suggests without any prior objective organisational performance evaluation. As noted by a  
7 back-office assistant: “the “sudden death” happened overnight because of the prerequisites  
8 of the Memorandum enabling the Government to respond to crisis affairs”. Furthermore,  
9 within the rising trend towards privatisation of public utilities, this also refers to the case study  
10 organisation that is subject to potential transfer of its services to the private sector. As the city  
11 managers suggested: “There is a plan to reduce the public sector’s role more generally in our  
12 country”. Participants’ awareness of the profit scope of privatisation strategies is manifest in  
13 their concerns about the quality and the cost of services in line with citizens’ expectations to  
14 secure overall accessibility rather than privileged rights.  
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32 Fast track across-the-board cuts have also largely exposed the public employment relations to  
33 pressures. As public administrators commented: “Our salary has been cut off at a rate of  
34 45%. This is a means of devaluation”. Evidence suggests that pay packages were subject to  
35 successive waves of horizontal cuts. These moves weakened the status of public employment,  
36 sharpening confrontation between public and private employees. This tension is further  
37 explained in back office assistants’ comments that “the devaluation of the public sector is  
38 what will bring up the private sector”. Following a “divide and rule” strategy, the  
39 government’s centralised policy appears to have broken up existing large peripheral  
40 concentrations of power structures of the public sector, without leaving any space for social  
41 dialogue.  
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56 Furthermore, the gradual devaluation of public services appears to have laid the foundation  
57 for transferring cultural elements from the private to the public sector. This includes copying  
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3 professionalisation and internal reorganisation of practices for improving performance and  
4 quality. The necessity for “*a business-like form of public service*” is supported by the city  
5 managers, who further highlight the necessity for private law managerial practices to enhance  
6 operational capacity and secure its dual role to economy and society.  
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### 13 *Necessity for modernisation reforms in Greek local government*

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16 Necessity for modernisation reforms in Greek local government confirms a systematic inertia  
17 of the politico-administrative system and low reform capacity. A critical stance towards  
18 negative associations of cost-cutting reforms highlights public servants’ dissatisfaction from  
19 the long-standing trigger of modernisation reforms, aimed to internal reorganisation of public  
20 services under several criteria: a clear direction, evaluation of outcomes, benefits, and  
21 meritocracy for all affected stakeholders. Four categories of modernisation reforms prevailed,  
22 as shown in Table 1.5:  
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34 The establishment of a human resource strategy appears to be among the reform priorities.  
35 Public administrators highlight that “*human resource management is problematic*”.  
36 Horizontal cost-cutting policies appear to be associated with the necessity for overcoming  
37 long-term deficiencies through an objective staff performance evaluation system fairly  
38 exploiting skills, knowledge and experience. This would allow for integrating organisational  
39 performance assessment to “*improve reform efficiency*”, as city managers suggested, without  
40 using means of emergency legislation to abolish public services.  
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51 The findings show that modernisation should aim at changing public servants’ working  
52 mentality that calls for more creativity and collaboration to be embedded in services. A more  
53 general tolerance towards the nature of public servant’s role that secures lifetime employment  
54 appears to have implications for the service quality standards. As a city manager suggested:  
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3 “ the public sector is based on hard-working employees’ φιλότιμο [philotimo] <sup>1</sup>”, that is, a  
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5 determining factor of motivation and empowerment to advance productivity, performance and  
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7 professionalism. This tolerance, however, partly addresses the political leadership’s  
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9 responsibility for inertia towards necessary transformations of governance practices that  
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11 would incite public servants’ cultural change. The evidence highlights public administrators’  
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13 awareness of the necessity for local government openness and extension of inter-  
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15 organisational collaborations to enhance performance and their role in society.  
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### 20 *Contextual systemic public entrepreneurship drivers*

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24 Contextual distinctive characteristics appear to be associated with the emergence of a form of  
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26 systemic public entrepreneurship. At organisational level, this is about a new-established,  
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28 small and dynamic public service, with of all activities in development within the well-  
29  
30 established local government setting. Having been addressed to no-homogenous populations  
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32 of stakeholders and needs referring to public space surveillance for the local community, the  
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34 services have a direct impact on citizens’ quality of life. The local government’s high interest  
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36 in the organisational activities is demonstrated in the director’s comments stressing “concerns  
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38 of revenue collection” due to important contribution to budgeting and proper functioning of  
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40 the city. High intervention from the local authorising environment in decision-making and  
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42 implementation challenges public entrepreneurs’ autonomy in transforming new  
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44 opportunities for achieving “more with less”, given the external and internal organisational  
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46 constraints.  
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52 From an external perspective, challenges for delivering “value-added” services to the citizens  
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54 are highly associated with the existing outdated legal framework and the lack of technological  
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58 <sup>1</sup> This word is not translatable in English and describes a self-imposed code of conduct based on trust and  
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60 fairness, dignity and loyalty in encouraging cooperation between staff in which no rule or order is imposed  
(Papalexandris, 2007).

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3 adaptation to e-Government programmes. Moreover, an ineffective collaboration affecting  
4 procurement and technical infrastructure is reflected to citizens' dissatisfaction for the quality  
5 of services. Additionally, public administrators suggested that "*there is a confrontational*  
6 *relationship with citizens*", whose distrust to the political system and public institutions is  
7 challenged with consequences of societal disruption, with "*a forceful change of structures in*  
8 *both the private and the public sectors*". These multiple dimensions of the socio-political and  
9 moral crisis are extended to Greek public service values framework, including *φιλότιμο*  
10 [philotimo], collegiality, solidarity, due to focus on individualistic versus collective values.  
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23 From an internal perspective, extreme understaffing problems appear to have led to  
24 insufficiency for carrying out responsibilities corresponding to workforce ten or twenty times  
25 higher than the existing one. Additionally, problematic human resource management practices  
26 have enforced suspiciousness between staff towards on-the job cooperation and knowledge  
27 sharing for collective initiatives. Public managers inspirational leadership characteristics  
28 towards a shared vision are discouraged and exposed to risk of being blamed for negative  
29 outcomes. Moreover, a hierarchical internal accountability system appears to enforce red tape  
30 respect. As public administrators commented: "*decisions are made at central higher levels*",  
31 whereas "*one is accountable to the hierarchy*", without external processes of public  
32 accountability and social outcomes to be considered.  
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#### 47 *Manifestations of public entrepreneurs' enactment*

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50 Public entrepreneurs' systemic enactment is manifest in outcomes associated with the  
51 exploration and implementation of policy, administrative and technological innovations, often  
52 unforeseen by the local authorising environment. Policy innovations aimed to cope with stress  
53 on increasing local government revenues and enhancing accessibility to services. The director  
54 highlighted that "*the cost is transferred to the citizens due to the contributory character of*  
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3 *local government*". Likewise, administrative innovations are manifest in city managers'  
4 engagement "*to improve efficiency and facilitate the staff through new ways of carrying out*  
5 *their responsibilities*". Nevertheless, the staff suggested that "*conditions are not mature yet*"  
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10 for large scale implementation of improvements to fill some gaps. The findings demonstrate  
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12 how implications of fiscal austerity policies in public employment and suspiciousness towards  
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14 the political leadership impact on their change of behavioral patterns.  
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18 Nevertheless, high pressures of responding efficiently to the local needs with fewer resources  
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20 appear to push public entrepreneurs to initiate innovative ways of coping with the increasing  
21  
22 cost of services that is translated to respective increase of tax rates. It is this apparent  
23  
24 contradiction that enables entrepreneurial leadership throughout the organisation, as shown in  
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27 Table 1.6:  
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30 In this vein, the director's increased autonomy was earned through excellent performance  
31  
32 against government targets. As suggested, "*it is upon our managerial discretion to overcome*  
33 *constraints*", thereafter, to act entrepreneurially in the public interest. This consists of a strong  
34  
35 practice of political leadership engagement in new opportunities. Moreover, the city managers  
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37 have a privileged intermediary role with the citizens, which helps those identifying  
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39 entrepreneurial opportunities and gaining political legitimacy. At front-line level, public  
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41 entrepreneurs' interpersonal relationship with management teams appears to play a dominant  
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43 role in overcoming resistance for any new suggestions.  
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50 Further, public entrepreneurs at top and middle levels of management appear to inspire front-  
51  
52 line staff to lead and take advantage of managerial discretion to act beyond the legal and  
53  
54 administrative limits. Distributed entrepreneurial leadership is indicative of important cultural  
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56 change. As suggested by the city managers: "*they cope with difficult problems giving their*  
57  
58 *personal mark beyond what the rules provide.*" The findings show frontline public  
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3 entrepreneurs' conscientious way of working and positive attitude towards risk-taking, which  
4 aligns with their personal values that determine their behavioral limits to make use effectively  
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6 of their managerial discretion.  
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## 10 **Discussion**

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14 In consideration of the implications of the contextual patterns for a systemic public  
15 entrepreneurship in Greek local government, the complexities illustrated above appear to have  
16 stimulated two modernisation paradoxes. First, the evidence enlightens a created  
17 contradictory tension of negative associations of cost-cutting reforms competing with  
18 desirable positive reforms aimed to modernisation and renewal following a New Public  
19 Management agenda. This tension between attempts of external reinvention of the local  
20 government and the need for internal reorganisation of practices and renewal is further  
21 sharpened by the fiscal austerity context, which blocked the implementation of government  
22 modernisation. This, however, highlights a second tension between, on one hand, the triggered  
23 adoption of the "Kallikratis" Programme and recentralised control of local government and,  
24 on the other hand, public servants' positive attitude towards reforms following a paradigm of  
25 a more autonomous, entrepreneurial and open local governance. These contradictions,  
26 thereafter, reflect an "implementation oxymoron" that is embedded in the Greek  
27 government's inconsistency in public policy formulation and limited capacity to touch upon  
28 the inner problems (Lampropoulou and Oikonomou, 2016, p. 12).  
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50 The evidence from Greece further shows that the fiscal crisis has been a critical juncture in  
51 the process of local government transformation (Sotiropoulos, 2015) for reforms to take a  
52 New Public Management (NPM) direction under time pressures and financial constraints.  
53 This challenges the debate on open governance for public services in Europe (EU, 2013).  
54 Participants' positive attitudes, however, support the views of Guerrero *et al.* (2015, p. 748)  
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3 that launching “governing enablement” may also encourage an entrepreneurial culture. This,  
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5 however, informs public servants’ tendencies to less resistance against public management  
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7 reforms under circumstances of abnormality (Bertrana and Heinelt, 2013), against scholars’  
8  
9 views in Greek public administration (Spanou and Sotiropoulos, 2011).  
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14 The Greek experience contributes to limited research that proposes a mainly incremental and  
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16 process-based form of systemic entrepreneurship in periods of turbulence and scarcity to  
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18 improve government operations (Bernier and Hafsi, 2007). The findings show that public  
19  
20 entrepreneurs understand the contextual and organisational dynamics that impact on their  
21  
22 systemic enactment. Here, public entrepreneurs pursue innovative opportunities that can  
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24 revive and slowly reinvent their organisation in accordance with the views of Brower and  
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26 Abolafia (1996, p. 287). Entrepreneurship is a part of the society (Barth, 1963) where this can  
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28 trigger or can be triggered by social dynamics that form public entrepreneurs’ role in social  
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30 change (Daskalaki, 2014). Therefore, the findings from our systematic study expand on  
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32 existing work through demonstrating the changing nature and the dynamics of public  
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34 entrepreneurship in local government.  
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41 Furthermore, the findings demonstrate how contextual influences illustrated above impact on  
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43 manifested outcomes of public entrepreneurs’ systemic enactment in Greek local government.  
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45 Their representation through exploring and implementing policy, administrative and  
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47 technological innovations is in accordance with the views of Brower and Abolafia (1996, p.  
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49 287) and has public value consequences. These inform the debate on the innovativeness of  
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51 local governments, adding to the growing body of research that indicates trends on the use of  
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53 technological (Stamati *et al.*, 2015) and policy innovations in local government (Orelli *et al.*,  
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55 2016) to cope with citizens’ increasing demands for reducing local taxes and services’ cost.  
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## Conclusion

The influence of public entrepreneurship in local government continues to gain momentum beyond Greece and elsewhere. In Greece, public entrepreneurship offers a commitment to local government reforms and need for public services to overcome fiscal austerity measures. Since 2010, the fiscal crisis has been a critical juncture for the reconceptualisation of the Greek state itself and its capacity to effectively respond to governing challenges through “an adequate policy option” (Hlepas, 2015, p. 3). Nevertheless, this makes Greek local government a unique case through the lens of public administration (Featherstone, 2015).

While this study proposes a multi-level contextual orientation of the dynamics of public entrepreneurship, it does not permit “separating the dancer from the dance” (Bernier and Hafsi, 2007, p. 491) but facilitates the bridging of boundaries between contextual and organisational particularities. This finding is significant for advancing a contextualised approach and contributes to prior studies’ exploration of public entrepreneurship in context (Zahra *et al.*, 2014). In particular, the Greek fiscal austerity shows reform tensions largely affecting the local government operations to endorse a form of systemic public entrepreneurship with manifested outcomes through the exploration and implementation of policy, administrative and technological innovations. Within this complexity, entrepreneurial leadership is distributed throughout the organisation. This appears to frame public entrepreneurs’ proactive action of enterprising and challenges autonomy in transforming new opportunities for achieving “more with less”.

Building upon the foundations of the current study showing how specific contextual influences impact on the nature of public entrepreneurship and manifested outcomes, we consider several implications for research, policy and practice in the field. From a research perspective, the findings confirm that unique contextual complexities and contradictorily

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3 tensions influence systemic public entrepreneurship in local government. Future research  
4  
5 could extend considerations of different contexts that expand our understanding, as limited  
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7 research exists on public entrepreneurship that advances a broader public purpose to improve  
8  
9 collaboration and partnership work. Further, government and policy makers should be  
10  
11 concerned with implementing public entrepreneurship strategies in local government, which  
12  
13 must facilitate the formation of holistic governing processes. The findings have also important  
14  
15 implications for future practice, as these provide evidence of public entrepreneurs with  
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17 strategic qualities and practices that differ across levels of management. This is important for  
18  
19 enabling practitioners' awareness of their innovativeness, risk-taking and proactivity to ensure  
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21 appropriate support for building effective collaborative strategies.  
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### 26 27 **Limitations and future research**

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29 A single case study has been used for this research as this represents a critical case, because  
30  
31 it involves unique contextual characteristics and reveals new insights about systemic public  
32  
33 entrepreneurship in local government. Nevertheless, a single case is a valid method in public  
34  
35 administration, as this reveals a holistic dimension of new relations and generates in-depth  
36  
37 understanding in context. Second, this study focused on a perspective of public administrators,  
38  
39 thereafter, the views of local political leadership as well as of internal and external  
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41 organisational stakeholders have not been investigated in this research. Their perspectives,  
42  
43 however, would be useful to highlight different aspects of public entrepreneurship in local  
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45 government.  
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51 Future research should investigate applicability within other settings of different public  
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53 administration traditions subject to other contextual and cultural particularities. Empirical data  
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55 could extend the public entrepreneurship literature through building on a comparative study  
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57 in an attempt to widen our knowledge of systemic public entrepreneurship in local  
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3 government. It would be also interesting to extend the current study to investigate the  
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5 variations across local government and differences in behaviours and motivations of  
6  
7 individual public entrepreneurs.  
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**Table 1.1 Public entrepreneurship in local government**

<i>Focus</i>	<i>Organisations</i>	<i>Public entrepreneurs</i>	<i>Context</i>
<b>Key studies</b>	Catney and Henneberry (2016)	Bartlett and Dibben (2002) Currie and Procter (2005)	Autio <i>et al.</i> (2014) Zahra <i>et al.</i> (2014)
	Currie <i>et al.</i> (2008)	Hartley and Benington (1998)	Bjørnskov and Foss (2013)
	Keyes and Behavides (2017)	Johnston and Blenkinsopp (2017)	Levie <i>et al.</i> (2014)
	Lehmbruch and Sanikidze (2013)	Lambright (1980) Leadbeater (1997)	Schneider and Teske (1992)
	Smith (2014)	Lewis (1980)	Smallbone (2016)
	Wolman (1986, 2014)	Lowndes (2005)	Smith <i>et al.</i> (2013)
	Zampetakis and Moustakis (2007,2010)	Meynhardt and Diefenbach (2012)	Su <i>et al.</i> (2015) Welter (2011)
	Zerbinati and Souitaris (2005)	Meynhardt and Metelmann (2009)	Zahra and Wright (2011)
	Zerbinati (2012)	Morris and Jones, (1999) Ramamurti (1986) Roberts and King (1991) Rossiter and Smith (2017) Schneider <i>et al.</i> (1995) Secchi (2010) Teske and Schneider (1994)	Zahra (2007)

(Source: Authors)

**Table 1.2 Coded categories for analysis**

Cost-cutting reforms in Greek local government

Modernisation reforms in Greek local government

Systemic public entrepreneurship in fiscal austerity

Public entrepreneurs in Greek local government

(Source: Authors)

**Table 1.3 Findings on public entrepreneurship in Greek local government**

Cost-cutting reforms in Greek local government

Necessity for modernisation reforms in Greek local government

Contextual systemic entrepreneurship drivers

Manifestations of public entrepreneurs' enactment

(Source: Authors)

**Table 1.4 Cost-cutting reforms in Greek local government**

Public service downsizing
Public service abolishment
Public service privatisation
Changing public employment relations

(Source: Authors)

**Table 1.5 Modernisation reforms in Greek local government**

Human Resource Strategy
Organisational performance evaluation
Mentality/culture change
Need for collaborations

(Source: Authors)

**Table 1.6 Local government public entrepreneurs across levels of management**

Levels of management	Roles	Participants' statements
<b>Top level</b>	Director	<i>Zeus: It is upon my role's discretion to act beyond what is provided by the law.</i>
<b>Middle level</b>	City Managers	<i>Apollo: I am called to provide solutions when the staff considers that citizen's request is legitimate but beyond the administrative procedures.</i>  <i>Hermes: Yes, there was resistance from political leaders. An innovation implementation rocks the boat; consequently, this is not always approved. Often, in the public sector, there are "standing waters".</i>
<b>Front-line level</b>	Public administrator	<i>Poseidon: I have made some improvements at the workplace but for personal professional use, so</i>

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*that I can be more effective. I would say I am an innovator. All these innovations aim to fill some gaps.*

Back office assistant

*Athina: One senses the freedom given by the manager and the possibilities within the existing working environment.*

(Source: Authors)