Entrepreneurship in public organizations

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The literature has expanded to include the development of frameworks for the emergence of entrepreneurship within the public and nonprofit sectors (Borins, 1998; Boyett, 1996; Dees, Emerson, and Ecnomy, 2002; Forster, Graham, and Wanna, 1996; Graham & Harker, 1996; Morris & Jones, 1999; Morris & Kuratko, 2002). Similar to research focused on the private sector, the literature includes references to individuals, organizations, the process, and strategies.

Catford (1998) noted that social and economic entrepreneurs share the same focus on vision and opportunity and the same ability to convince and empower others to help them turn these visions into a reality. Social entrepreneurs share many similarities to economic entrepreneurs operating in the private sector. Brinckeroff (2000, p. 12) described social entrepreneurs as individuals who were constantly looking for new ways to serve their constituencies and to add value to existing services; who were willing to take reasonable risk on behalf of the people their organization serves; who understood that all resource allocations were really stewardship investments; who weighed the social and financial return of each of these investments; and who always kept the mission first, but recognized that without money, there was no mission output. Schuyler (1998) suggested that social entrepreneurship focused on profit as a means, and not an end.

Publications from the Roberts Enterprise Development Fund mentioned various terms to describe similar entrepreneurial activities, including: social purpose venture; community wealth venture; nonprofit enterprise (Emerson & Twersky, 1996). Additional terms include venture philanthropy, caring capitalism, social enterprise (Cannon & Fenoglio, 2000), and civic entrepreneurship (Henton, Melville, and Walsh, 1997). Henton et al. (1997, p.1) spoke of a civic entrepreneur as a "...leader who forged new, powerfully productive linkages at the intersection of business, government, education, and community." In spite of the varying definitions of social entrepreneurship, the commonality is the problem-solving nature of social entrepreneurship and the emphasis on developing and implementing initiatives that produce measurable results in the form of changed social impacts (Johnson, 2000).

The concept of public entrepreneurship has been defined in a variety of ways, including the process of creating value for citizens by bringing together unique combinations of public and private resources to exploit social opportunities (Bellone & Goerle, 1992; Linden, 1990; Morris & Jones, 1999; Osborne & Gaebler, 1992). The term public implies that an organization is accessible to or shared by all members of a community. In the literature on entrepreneurial public management, scholars emphasize different strategies, depending on whether they focus on launching innovations (Borins, 1998; Levin & Sanger, 1994), managing effective programs (Behn, 1991), or improving overall organizational performance (Light, 1998; Moore, 1995; Osborne & Plastrik, 1997).

There have always been elements of innovation and entrepreneurship in public sector organizations (Jordan, 1990; Moore, 1983). Creating value for customers, putting resources together in unique ways, and being opportunity-driven are not inherently in conflict with the purpose of public agencies (Morris & Kuratko, 2002). The term entrepreneurship has appeared in the public administration literature with increasing frequency (Morris & Kuratko, 2002), identifying pioneers which have affected dramatic change in public sector organizations (Cooper & Wright, 1992; Doig & Hargrove, 1987; Lewis, 1980; Ramamurti, 1986). The factor that differentiates public entrepreneurs from ordinary managers is their ability to alter the existing allocation of scarce resources in fundamental ways (Lewis, 1980, p. 233). Looking beyond the function of any one person, other authors link the efforts of groups that influence significant reallocation of societal resources for meaningful social, political, or economic change (Drucker, 1995; Wilson, 1973).

Another approach can be found in the "reinventing government" literature popularized by Carroll (1996), Fox (1996), Osborne and Gaebler (1992). A stream of research suggests that entrepreneurship is linked to strategic management that enables public sector organizations to identify new opportunities and generate new process and service innovations (Behn, 1991; Mokwa & Permut, 1981; Nutt & Backoff, 1993). Stevenson et al. (1989) at Harvard described public sector entrepreneurship as the process of creating value for citizens by bringing together unique combinations of public and/or private resources to exploit social opportunities. When applied to existing public organizations, entrepreneurship takes on distinct characteristics (Bower, 1977; Cullen & Cushman, 2000; Frederickson, Rainey, Backoff, and Levine, 1976) and strategic approaches to management are necessary if entrepreneurship is to be facilitated on an ongoing basis (Cornwall & Perlman, 1990; Jennings & Seaman, 1990; Tropman & Morningstar, 1989).

Advocacy for public sector entrepreneurship was supported through the work of Linden (1990), who proposed an operational action agenda for public sector managers that began with strategic thinking and acting, and then led to creating a felt need for change, introducing structural changes to reinforce and validate new approaches, dealing with risk, and using political skills. In the book, *Reinventing Government*, Osborne and Gaebler (1992) suggested that government organizations could be transformed by focusing on outcomes, customer orientation, proactiveness, and other market mechanisms. In 1999, a large cross-section of public sector managers was surveyed to identify organizational characteristics associated with entrepreneurship in the public sector. A customer focus, efficient operations, a strong leader at the top, and good planning systems, were identified as leading characteristics of an entrepreneurial organization. The highest ranking obstacles to entrepreneurship, as rated by these managers, included policies, procedures, personnel restrictions, and reward limitations. Entrepreneurial governance brings a flexible, dynamic, and innovative approach to the process by which complex problems are collectively solved and society's needs are met (Morris & Kuratko, 2002). Cullen and Cushman, (2000) discussed strategic approaches for organizations to make a transition from traditional function-driven management to more competitive performance-driven management.

Entrepreneurship is a universal construct that can be applied in public sector organizations (Morris & Kurako, 2002). As public sector organizations face a turbulent external environment with eroding tax bases, heightened accountability, rapidly changing technology, and increasingly diverse audiences to serve, entrepreneurship can be an integral component that leads to generating alternative revenues, improving internal processes, and developing innovative solutions to meet social and economic needs. Because there are fundamental differences in organizational realities, public sector organizations benefit from addressing unique approaches and outcomes. Bellone and Goerle (1992, p.133) noted that "a strong theory of public entrepreneurship requires a strong theory of citizenship." Interest in public sector entrepreneurship and innovation continues to grow through research such as Zegans's (1992) report on innovation in the well-functioning public agency, through debates such as that presented by Borins (2000), and through new initiatives such as the Government Innovators Network, The Center for The Business of Government, the Social Enterprise Initiative at Harvard Business School, the Center for the Advancement of Social Entrepreneurship at Duke University and Stanford's Social Innovation Review.

Interest in organizational entrepreneurship is also being explored in nonprofit organizations and institutions of higher education. Just as there are a variety of for-profit and public organizations, there are a variety of nonprofit organizations. Generally, they differ from traditional businesses in that they are governed by a board of directors, they have multiple goals beyond selling products and services, and they are driven by multiple constituencies rather than solely on the economic market (Cornwall & Perlman, 1990). Similar to public agencies, many nonprofit organizations are facing increased accountability, as well as other various external and internal challenges. The emergence of public sector entrepreneurship has also led to interest in entrepreneurship in the context of higher education. The education environment is evolving as new learning methods, budget constraints, changes in demands based on life long learning precepts and other factors stimulate entrepreneurship. Institutions of higher education can promote or constrain entrepreneurial behavior as they preserve traditional values of education and meet evolving demands of post-secondary education.