PUBLIC ENTREPRENEURSHIP: RHETORIC, REALITY, AND CONTEXT
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ABSTRACT

Public Entrepreneurship: Rhetoric, Reality, and Context

The concept of entrepreneurship has entered the discourse of public management amongst practitioners and scholars across a range of different public service organisations in different countries. It has been recognised, for example, in the UK,[1]...
the USA\textsuperscript{[2]} and Australia\textsuperscript{[3]} and variously interpreted by its promoters as:

- An integral part of a transformational political philosophy, affecting not just the delivery of public services but also community life (e.g., the ‘Third Way’ in the UK).
- More modestly, a response to the ‘dead hand’ of bureaucracy which inhibits public organisations becoming more responsive to their customers, clients and communities,
- A way of allowing public service managers the ‘freedom to manage’, deploying skills and approaches identified with private sector management.

Entrepreneurship is used primarily to make normative judgements. The form that entrepreneurship takes in a public service management context and the extent to which it exists, are undeveloped empirical questions. This paper examines three main sets of questions:

- Why there has been a call for entrepreneurial government—the rhetorical dimension.
- What practising managers perceive the term to mean to the services they are responsible for—the reality dimension.
- Whether public entrepreneurship has any meaning outside of the particular political, economic and social context found in western, industrialised democracies—the context dimension.

The paper explores the nature of the discourse within which notions of public entrepreneurship are located and given legitimacy by different groups of stakeholders. It also seeks to uncover some variables that have an impact upon the practice of public entrepreneurship in different countries, organisations and social, economic and political cultures and organisations.

Although organisations such as the OECD identify universal themes and trends in the delivery of public services, there is little empirical evidence of convergence or universality.\textsuperscript{[4]} This paper notes that although the concept of entrepreneurship is not unique to one or two contexts, there is limited convergence on what it means and whether and how it is ‘practised’.
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Introduction

The pace and intensity of change in the management and delivery of public services across a wide range of different countries has been well-documented. This change is simplistically labelled as a convergence of practice in public service management constituting a New Public Management (NPM). Certainly the individual techniques of NPM can be found from the development of a customer focus in Chinese telecommunications to corporatization in Africa. However, the acceptance of a convergent philosophy or style of public management is less obvious. Commentators such as Pollitt, for example, argue that there is little correlation between NPM and macro-economic performance, nor between NPM and the transformation of the bureaucratic system. However, attempts to assess the universality and impact of NPM, as though it is tangible and measurable, may miss the point that NPM can be viewed as an example of a normative philosophy or style of public services management that does not easily lend itself to being proved or disproved. It may be more or less convincing and persuasive but not more right or wrong in some demonstrable way. As Hood argues:

...shifts in what counts as 'received' ideas in public management works through a process of fashion and persuasion, not through 'proofs' couched in strict deductive logic, controlled experiments, or even systematic analysis of all available cases. (p 172)

This is not to say that public sector reforms have not taken place in many developed and less well-developed countries. However, to use such reforms to provide evidence of a convergence in the delivery and outcomes of public services management is misleading. Pollitt shows how the concept of convergence itself can be a powerful weapon in the legitimation of public sector reforms and identifies four stages of convergence; discursive, decisional, practice and results convergence. Pollitt argues that there is considerable evidence of discursive convergence–more and more people are talking and writing about the same concepts. And yet, even here some countries are more willing to enter into the discourse than others; Germany and France are less inclined to enter the discussion than the UK, USA or Australia. There is less evidence, according to Pollitt, of decisional, practice or results convergence.
Entrepreneurship in public management can thus be understood less as a ‘what is happening’ descriptor than as a rhetorical label or device to win support amongst certain stakeholders for public service reform. This locates entrepreneurship within the NPM vein along with marketisation, the imperative of change and managerialism: one of the seductive ‘cults’ in public management.[10] Individual acts of managerial practice can be assembled together to demonstrate a management behaviour that others are exhorted to emulate.[11] Such labels can be powerful influences (benign, malign or neither) upon the practice of public management and the identity of public managers. This paper suggests that the influence of entrepreneurship in public management depends on who is using the label, for what purposes and in what context.

We first explore the concept of public entrepreneurship and examine the nature of rhetoric and identify its meaning in public services management.

**The Nature of Public Entrepreneurship**

Osborne and Gaebler are perhaps best known, at policy and practitioner level, for introducing the concept of entrepreneurship to the public sector. They suggest ten inter-related principles that establish an entrepreneurial paradigm. An entrepreneurial public sector will:

- promote competition
- empower citizens
- measure the performance of their agencies, focusing not on inputs but outcomes
- ... They are driven by goals—their missions— not rules and regulations
- ... They define their clients as customer
- ... They prevent problems before they emerge
- ... They put their energies into earning money
- ... They decentralise authority
- ... They prefer market mechanisms to bureaucratic mechanisms
- ... They catalyse all sectors. [2, pp 19–20]

Early expressions of entrepreneurial governance, therefore, contained themes typically associated with NPM, advocating a more business-like approach to remedy the perceived rigidity of traditional bureaucracy. This expression of entrepreneurship relies heavily on a critique of bureaucracy which is represented as a repressive entity, acting against the interests of managers and society, whereas competition is viewed as liberating, enhancing organisational efficiency and managerial creativity.[12]

This promotion of entrepreneurship is attracted by the potential of private sector management to turn around under-performing public service organisations. An expanded concept of entrepreneurship incorporates this
managerial dimension but adds a governance one, entrepreneurship becoming a means by which public institutions can re-connect to the public who they serve, are accountable to and funded by. Interpreted as civic entrepreneurship, but within a public service management context, it is:

‘the regeneration of the mandate and the sense of purpose of a public organisation, which allows it to find new ways of combining resources and people, both public and private, to deliver better social outcomes, higher social value and more social capital’. [11, pp 16–17]

This fits with political agendas that recognise the role and importance of public services in civil society—and to electorates. It adds a governance dimension that is not to the fore in the prescriptions of Osborne and Gaebler.

Entrepreneurship appeals to politicians who are impatient for change, results and the achievement of more and better services—without resort to excessive taxation. Thus, in the UK, Tony Blair argued that:

‘as well as stimulating entrepreneurship in the private sector I would like to get a bit of it into the public sector as well. I mean people in the public sector are more rooted in the concept that “if it’s always been done this way, it must always be done this way” than any other group of people I’ve ever come across. (Speech to the British Venture Capitalists Association reported in the Guardian newspaper, 7th July 1999.)

In a more limited fashion, entrepreneurship can be seen as ‘bringing in business’. [13,14] The ability to generate money both increases the capacity of organisations to deliver services and enables individuals to show they have added something that was not previously deployed in delivering a public service. Against a backdrop of continuing rationalisations and competing resource demands within the public sector, the value of entrepreneurship in bringing in money from new sources becomes apparent. In Australia the need for financial stringency has meant that:

One of the potentially most significant changes to be emerging in recent public sector management in Australia is the growth of entrepreneurial behaviour as a norm of management. [3, p 14]

However, whether entrepreneurial concepts are appropriate for the public sector is a valid question. Entrepreneurial motives may conflict with public service values of equity, accountability and probity; risk-taking with the stewardship function; the uneven distribution of entrepreneurial resources with equity. Thus the very meaning, positive or negative, that entrepreneurship holds for managers and other stakeholders in public services is itself important: does it constitute an opportunity or a threat?
Managers themselves draw on a range of discourses in understanding and planning their own action. Martin[14] presents a powerful argument for the necessity of entrepreneurship as a response to globalisation, whilst implicit in Du Gay’s work[15] is the view that entrepreneurial practices are rife, an integral component of the overall challenge to the values and practices that have traditionally underpinned equitable public service delivery. Our research suggests greater caution,[16] about the pervasiveness of the term entrepreneurship, in isolation, in the consciousness, let alone the practice, of public managers. Entrepreneurship is but one of the many change and business imperatives, by no means a dominant one, affecting the identity and practice of public managers. Clarke and Newman[10] emphasise how passive managers are when subjected to the seductive nature of such imperatives.

This suggests that managers have limited awareness of these processes. In practice, managers may have years or experience and expertise in anticipating, recognising, adapting, using and responding to new terminologies of institutional change. Our research suggests that public managers are well aware of many of the ambiguities and problematising contradictions surrounding terms such as entrepreneurship. Rather than seeing entrepreneurship as a ‘reflection of [economic] rationality’[17, p 410] or a passive response to governmental tactics, managers understand why entrepreneurship has entered the public management discourse, know that it carries ethical and ideological ‘baggage’ terms and are capable of acting purposefully on this understanding. Managers can both attend to the traditions of public service and be innovative in seeking to improve public services. We question whether the meaning of public entrepreneurship is fixed and whether it is imposed on public managers from above and the extent to which it precludes other forms of management behaviour. We also question the extent to which managers buy into the concept of managerialism and are passive recipients of its prescriptions. Ackroyd and Thompson,[18] for example, provide a fascinating account of organisational misbehaviour, questioning the extent to which management really controls organisational behaviour.

The Rhetoric of Entrepreneurship

There is a constant interplay between the language that we use and how we perceive the world: language is expressed in a particular discourse that makes sense to those who perceive the world in the same way.

Management is a social process, involving negotiation and construction of meaning to get things done...[19, p 15]
The rhetoric of entrepreneurship can mean different things to different people:

- Managers, and other leaders driving change through, can see it as a positive label to use and to contrast with bureaucratic, risk-averse resistance to change.
- Instrumental managers can accept it as something to go along with, given its emergence as a stated ‘competence’ in public management (and therefore relevant to recruitment, training opportunities and appraisal processes). This may mean dressing up what they do and have done as entrepreneurial, with the same expertise that they have acquired in dressing up other realities in the labels of the day.
- Politicians can find entrepreneurship a useful metaphor to paint a picture of an innovative public service seeking to exploit opportunities for the benefit of the ‘customer’.
- Staff and others resisting change can argue that because entrepreneurship is derived from a market discourse—the entrepreneur exploiting gaps in the market to enhance profit—it is fundamentally flawed and thus potentially damaging as a premise for public service management.

Gowler and Legge argue that management is an oral tradition, not just in its literal sense but also in the anthropological sense as a means by which culture is generated, maintained and transmitted from one generation to the next. The discourse of management is thus not static. The key to change is, therefore, through changing the language by transforming an existing language or creating a new language which seems to explain in a convincing manner what is going on.

Rhetoric is a part of discourse; it has to appear legitimate, to appeal, to make sense, and to be convincing. Management is not just about discourse but is about rhetoric. Rhetoric is used not just to communicate but to persuade and create. We are not using rhetoric in a negative sense, but rather we focus on the way in which certain concepts are used to persuade us of the usefulness of a particular way of looking at the world. Rhetoric mobilises the actions of individuals in a way that contributes to individuals and the organisation. We are not seeking to judge but to understand. The use of rhetoric requires a speaker, a content and an audience or audiences. The quotation from Prime Minister Blair above is significant because of who he is as much as what he says. His rhetoric to the British Venture Capitalists Association virtually assumes that business practices are better in some way than public sector practices.

The rhetoric of entrepreneurship has a ‘feel good’ factor to it, it is exciting, heroic, new, innovative. The entrepreneur in popular culture,
particularly in the UK and the USA, is a heroic figure. Not only that but it responds to a political agenda, it aligns with a business model, and it is anti-bureaucratic in emphasising the role of individuals. Whilst certain features of entrepreneurship, such as commitment and determination, tolerance of ambiguity and change or intolerance of bureaucracy, might resonate with public service managers, other features, particularly risk-taking are seen as antithetical to the notion of public service. These tensions are reflected in how public managers in our research project have given meaning to public entrepreneurship.

**Definitions of Public Entrepreneurship**

To explore public entrepreneurship we convened particular panels who met, over a three year period, in workshops that were organised around case studies, questionnaires and discussion issues. We were keen to see how middle and senior managers in UK public services viewed entrepreneurship. The panels were recruited through the national press and through the Open University Business School Alumni Association. Over fifty panel members were drawn from National Health Service trusts, local government, central government, charities, the prison service and the police service. Whilst the participants were in a sense self-selecting, their initial views on entrepreneurship for the public services ranged from the outright sceptics to those who thought it a panacea for many public sector ills.

Public entrepreneurship was seen as having the much the same characteristics as entrepreneurship in a market setting, but with the creation of social capital, or value, replacing the profit motive as its motivator. Thus public sector entrepreneurship is entrepreneurship reformulated with the primary objective of generating social benefits; the benefits from enterprise are primarily intended to be received by society. Essential characteristics of entrepreneurship which could be translated to a public sector setting were identified as:

- Risk-orientation in certain areas of public service
- Innovation in service delivery
- Leveraging of resources
- The use of partnerships to create added value
- Problem-solving: finding and satisfying unmet needs

Our working definition of public entrepreneurship was leveraging and recombining resources from the external environment in novel ways to create social value.
On an individual level, there was (with the significant reservation about the inequity consequences) little problem identifying, in a public service context, with the supposed attributes of entrepreneurs, as shown in Fig. 1.

Indeed the whole process of reformulating entrepreneurship to a public service context was creative and explicit, as represented in Fig. 2.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Score (1 to 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-interest</td>
<td>Entrepreneurs are solely concerned with their own self-interest</td>
<td>2.54</td>
</tr>
<tr>
<td></td>
<td>Motives need to be aligned with the public interest</td>
<td>3.81</td>
</tr>
<tr>
<td>Coercion &amp; domination</td>
<td>Entrepreneurs employ tactics of coercion &amp; domination</td>
<td>2.54</td>
</tr>
<tr>
<td></td>
<td>Means are less important that the ends behaviours produce</td>
<td>2.84</td>
</tr>
<tr>
<td>Destroying traditions</td>
<td>Entrepreneurship is about destroying public services traditions</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td>Destroying traditions is not a bad thing.</td>
<td>3.83</td>
</tr>
<tr>
<td>Autonomy</td>
<td>Entrepreneurs need autonomy for decisions deemed important</td>
<td>3.18</td>
</tr>
<tr>
<td></td>
<td>Public managers should have more autonomy</td>
<td>4.00</td>
</tr>
<tr>
<td>Risk-taking</td>
<td>Entrepreneurial risk conflicts with the stewardship function</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship may generate ends that justify risks.</td>
<td>4.00</td>
</tr>
<tr>
<td>Equity</td>
<td>Public entrepreneurship may lead to inequity in provision</td>
<td>3.63</td>
</tr>
<tr>
<td></td>
<td>Inequity is an acceptable price to pay for improved services</td>
<td>3.18</td>
</tr>
</tbody>
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* Scoring: 5=strongly agree, 4=agree, 3=average, 2=disagree, 1=strongly disagree

*Figure 1.* Entrepreneurship as a form of conduct.
These definitions of entrepreneurship from panel members added depth and richness to the business-based definitions of Osborne and Gaebler.

As hinted in Figs. 1 and 2, there were problems about the level to which the label of entrepreneurship could or should be applied in public services. As an individual act, it could be located as a managerial trait or competence, but this was perceived to be of limited value if organisations were not entrepreneurial. Yet at an organisational level, it was questioned whether large, staff-intensive and procedure-driven organisations—which public services tend to feature—could ever be classified as entrepreneurial. There was also discomfort with the idea of entrepreneurship as a managerial process that could be ‘practised’ by an individual or an organisation removed for the civic governance context of public services. Hence, public entrepreneurship may be defined as driving the process of utilising the energy and creativity of the community to support managers to identify needs and solutions to meet those needs.

We need to distinguish between individual entrepreneurial acts and entrepreneurship as a style of government which can be distinguished from other styles of government. A style of government is a way of seeing the world expressed in a particular discourse. Styles are not mutually exclusive, but may co-exist side by side. Thus it is possible to seek to develop an entrepreneurial style of government, but not to the exclusion of other styles, such as:

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**Figure 2.** Accounting for entrepreneurial practices.
• a **performance** style—necessarily concerned with quantifiable outcomes, with the manager as achiever and rewarded for his or her achievements.
• a **regulatory** style—involving a system of rules with the role of the law, as guardian of the public purse and public morals, prominent.
• an **accountability** style—concerned with a system of checks and balances.
• a **fiscal** style—where the careful husbandry of scarce resources is seen as a sign of managerial competence and moral superiority.

For a style of government to be acceptable to key stakeholders it will have to demonstrate that it is furthering the public interest, that it can claim the moral high ground and that it has political support. Entrepreneurship has these characteristics insofar as its proponents claim that it results in a more effective and responsive public service, that it can enhance transparency and accountability and enhance social capital, and that it can claim support from across the political spectrum.

A key question is ‘Why this style rather than that?’ and as we argue below this depends upon how management is perceived, as well as the prevailing political, economic and social context.

**Entrepreneurship and Comparative Management**

What does this all mean for a comparative approach to public management and to entrepreneurship? We have argued that entrepreneurship is part of a practice, a discourse, one that may be more or less convincing. The language of entrepreneurship makes sense in an environment where there is an understanding of the possibilities of, in particular, a certain kind of commercial activity. The meaning of entrepreneurship in the UK that we have been discussing can only be interpreted through the lens, for example, of how entrepreneurs are viewed generally in that society, along with the extent of public-private boundary cross-over and blurring witnessed in (especially recent) public service history. Where entrepreneurs are perceived more negatively, or structural reform less developed, we might expect entrepreneurial rhetoric, acceptability and practice to be less evident. Such a consideration is only partly contingent upon there being a private sector that has taken over some of the traditional activities of the public sector. There are also possibilities for commercial activity within the public services themselves and it is recognition of those possibilities that might create the space for entrepreneurial activity.
Entrepreneurship may be deemed legitimate only under certain regime conditions, where what is deemed acceptable on the part of government and public service managers includes the possibility of commercial practices. Yet the temptation to see entrepreneurship as a globally replicable trend and facet of OECD driven management reform is a powerful one. However, as we have suggested above, evidence of a convergence in practice is hard to find. Thus, Pollitt and Summa’s\textsuperscript{[21]} six dimensions for comparison (the extent of privatisation; the existence of market-type mechanisms introduced after privatisation; decentralisation; output-orientation; traditional restructuring; intensity of the reform process itself) are limited to an Anglo-Saxon dimension. They exclude other major reforms not related to NPM including capacity building, controlling corruption and political decentralisation. Similarly, Furukawa\textsuperscript{[22]} found that radical marketisation and civil service reform as found in the UK and New Zealand, are not found in Japan. Also, Ridley\textsuperscript{[23]} argued that the stronger ‘legalistic’ philosophy underpinning public management in Germany would suggest a less promising context for the meaning and value of public entrepreneurship.

Our contention is that most accounts of public management which involve a comparison do not recognise that like is not being compared with like because of the relevance of context but also the different meanings of management that might be applied. This is supported by research that explores cultural differences between private sector managers (e.g., \textsuperscript{24–27}). Typically such accounts point to an Anglo-Saxon view of management, generic, definable and objective; or a Germanic view of management as technical competence which is not generic; or a French view of management as an intellectual task. Similarly, Western economies defined as individualistic and competitive are contrasted with, say, Asian economies which are defined in terms of institutionalised networks.

As an illustration we can draw upon the influential and well known, if dated, research carried out by Hofstede\textsuperscript{[28]} on 116,000 IBM employees in forty countries, all selling and servicing IBM products. One model for relating public entrepreneurship to contextual factors begins to emerge. Hofstede identified four variables between different national work cultures which have self-evident connections to entrepreneurship.

- Power Distance (PDI): the extent to which society accepts the unequal distribution of power in society.
- Uncertainty Avoidance (UAI): the degree to which members of a culture or society tolerate ambiguity and uncertainty.
- Individualism (IDV): the degree to which the culture or society emphasises personal initiative and achievement rather than collective group-centred work.
Masculinity (MAS): the masculine tendencies of assertiveness, acquisition of money and property and not caring for others.

We would expect entrepreneurship to be found in those cultures which do not accept unequal distributions of power, where ambiguity and uncertainty is tolerated, where personal initiative is rewarded and where assertiveness is expected. Thus some national contexts might be culturally more accepting of a management that might not deliver equity, but be willing to take risks, and be more individualist and assertive. The UK and USA (at the time of his research) were classified as Low on PDI, Low/medium on UAI, High on IDV, and High on MAS. Whereas Singapore and India were classified as High on PDI, Low on UAI, Low on IDV, and Medium on MAS. On this basis, the UK and other Anglo-Saxon countries which have reformed their public services along the lines indicated by NPM would seem to be more conducive to entrepreneurial management than, say, India.

Thomas and Mueller\[29\] raise the question of whether our conception of the entrepreneur reflects our exposure to the American model of the entrepreneur. They found that, of the four separate entrepreneurial traits most commonly found in the literature, i.e., innovation, risk-propensity, internal locus of control and energy level, only innovation may be deemed culture-free. The other three traits decrease in frequency the greater the cultural distance from the U.S.A.

Other work by Ralston, Holt, Terpstra and Kai-Cheng\[30\] distinguishes between the impact that national culture will have on work values and economic ideology. They found little evidence of divergence and no strong support for convergence in corporate culture.

However, the Anglo-Saxon countries identified by Hofsted are much the same countries which OECD (1995) draws heavily upon in its analysis, and advocacy, of a convergence of public management, characterised by:

- A closer focus on results
- Decentralised management environments
- Consideration of alternative deliverers
- The creation of competitive environments
- The strengthening of strategic capacity at the centre (see p 8)

Seen like this, entrepreneurship in public management is but another label within global NPM. Its meaning and value is thus as useful and potentially powerful, but also as limited, as any other component of the managerial and change imperatives that impact upon public management. At issue is not the extent to which we can find more or less examples of entrepreneurial practices in the delivery of public services world-wide but the extent to which it is convincing as a rhetoric which legitimates public service reform.
Its relevance may seem less obvious in those states that are seeking to build anti-corruption measures into their governance structures or seeking to eliminate nepotism and factionalism in civil service employment.

CONCLUSION

The discourse of entrepreneurship has become part of the discourse of managerialism. As such, those who are attracted towards the concept find that it supports the notion that managers should be allowed the freedom to manage (particularly embraced by those brought into the public services from the private sector) and be given discretion. It may also legitimate a public service acting in a commercial way defining itself as anti-bureaucracy, innovative and risk-taking.

We have argued that whilst examples of innovation, seeking new commercial opportunities, bending the rules or other activities as identified by, for example, Osborne and Gaebler,[2] undoubtedly exist throughout the world, the notion of entrepreneurship as a style of government may be peculiar to a small number of western, developed, capitalist countries. Whether the concept will take hold elsewhere will depend upon the legitimating role, and authority, of those organisations that seek to develop perceived examples of best practice world-wide e.g., OECD. Yet, public entrepreneurship is a contested concept both domestically and internationally. It is contested both in terms of its application to all parts of the public service and in terms of its application to all public services.

For convergence to occur, entrepreneurship needs to move beyond the level of discourse and to become an acceptable way of doing public service business. This will partly depend upon the extent to which entrepreneurship is considered to be an acceptable way of doing business generally. We have suggested that the concept of management is given different meanings in different countries and this will shape the extent to which entrepreneurial behaviour is deemed a legitimate role for public services management.

REFERENCES


