

Corporate Entrepreneurship in Public Sector

Neeta Baporikar*

Abstract

Entrepreneurship is often associated with start-ups and small business ventures. This is because entrepreneurship is seen as a form of risk that exist when starting a business. Most definitions of entrepreneurship are focused on the process of starting and running a business, due to the high risks involved in doing so, many start-ups fail due to lack of funding, poor business decisions, government policies, an economic downturn, a lack of market demand, or a combination of all of these. As a result, scholars and practitioners alike generalise entrepreneurship in the context of Micro, Small, and Medium-sized Enterprises (MSMEs). Yet it is not rare to find entrepreneurship in established organisations or the public sector. In such situation, it is referred to as “corporate entrepreneurship”. Corporate entrepreneurship is a method of creating new businesses, products, services, or processes within an existing firm to provide value and grow income. Corporate entrepreneurship allows the generation of new ideas and innovation and fosters an ecosystem of self-entrepreneurship and creativity among its workforce. The purpose of corporate entrepreneurship is to develop competencies that allow companies to accelerate new business growth. Adopting a qualitative approach this paper explores corporate entrepreneurship in the context of the public sector.

Keywords: Corporate, Entrepreneurship, Ideas, Innovation, Public Sector

Introduction

Corporate entrepreneurship (CE) has been drawing mounting interest in recent decades. Entrepreneurial behaviour holds paramount importance in organisational research, since entrepreneurship is essential for modern organisations success (Pirhadi & Feyzbakhsh, 2021). However, when it comes to discourse of entrepreneurship, it is often associated with start-ups and small business ventures (Dollinger, 2008). This is because entrepreneurship is a form of risk taken that

is normal when starting a business. Most definitions of entrepreneurship are focused on the process of starting and running a business, due to the high risks involved in doing so, many start-ups fail due to lack of funding, poor business decisions, government policies, an economic downturn, a lack of market demand, or a combination of all of these (Kuratko, 2009). As a result, scholars and practitioners alike generalise entrepreneurship in the context of Micro, Small and Medium-sized Enterprises (MSMEs) (Dollinger, 2008; Gedeon, 2010).

CE is a method of creating new businesses, products, services, or processes within an existing firm in order to provide value and grow income (Burns, 2008; Morris et al., 2010). In other words, Corporate Entrepreneurship, which also known as intrapreneurship, is an entrepreneurship within established and well-known businesses. These businesses are often larger than MSMEs in terms of sales revenue and number of employees, entailing them to be known as large corporations (Ambad & Wahab, 2016). A process of innovation by itself is insufficient and even well established and large organisations must create a framework to support innovation and nurture new business ideas in order to remain competitive.

CE differs from typical start-up entrepreneurship. An entrepreneur in the start-up phase starts with a metaphorical blank piece of paper. They just have their passion and, in most cases, their team to fall back on. There is no legacy company, no installed base, and thus, no risk of a bad reputation. They are unrestricted in their ability to test and iterate quickly. CE on the other hand normally occurs in a profitable legacy business that is repeatable and predictable in an existing company. CE allows the generation new ideas and innovation as well as foster an ecosystem of self-entrepreneurship and creativity among its workforce. The purpose of CE is to develop competencies that allow companies to accelerate new business growth, while also considering all of the

* Namibia University of Science and Technology, Namibia & SP Pune University, Maharashtra, India.
Email: neetajb@rediffmail.com

above characteristics and find out how to maximise assets while avoiding roadblocks. Long-term choices intended at increasing a company's competitive position. There is a limit to how competitive a company can be with its current product mix since goods and business models become outmoded, forcing management to look for new business possibilities to stay competitive. CE is the process of starting a new company from inside an existing one by introducing new products and processes. CE is a critical strategic management idea for all firms, regardless of size or stage of growth, in today's competitive climate (Burgelman, 1984). Hence adopting a qualitative approach with in-depth literature review, this paper examines the role of CE in the public sector.

Literature Review

Public sector agencies in most cases lack the profit-making motives that is often characterised by private entities. In some cases, this framework leads to public sector failure or government failure. When government participation in the economy results in poor resource allocation and a general deterioration in economic wellbeing, this is known as public sector failure. Failure of government can arise for a variety of causes, including lack of profit motivation. People who work for the government may not be motivated by profit to minimise expenses, work hard, and improve efficiency. As a result, the government sector is inefficient in comparison to the private sector. In the public sector, there is more bureaucracy, resulting in more red tapes and procedures that hampers progress (Wæraas & Byrkjeflot, 2012). This means that a single piece of paperwork or application can take a long time, resulting in cost in time and financial resources than it will save. Furthermore, the struggle between political and economic goals, in the public sector slows down decision-making. Political parties are increasingly using public corporations to achieve their political goals. They must serve the ruling parties' political goals. Political influences affect project location, appointment scheduling, and even day-to-day operations. The project's site is determined based on political considerations rather than the project's economic feasibility, resulting in financial losses. This strategy wastes a significant amount of capital resources and most of the time politicians are nominated on the boards of directors of public corporations.

Public money is invested in government and public enterprises. It is in charge of making the best use of public money. To prevent the misuse of public funds, the finance minister, the minister in charge of the undertaking, and the parliament now exert control. Parliamentary oversight of public-sector operations and capital development plans is becoming increasingly strict. Greater functional autonomy in the administration of public companies is required in order for them to operate efficiently, economically, and joyfully. As a result, there is a coordination issue between control and autonomy. Parliament can assist grant more autonomy by avoiding meddling with the operations of public corporations. CE can solve this issue of by give performance targets that is based on profit incentives and motives (Kuratko, 2012; Morris et al., 2010). One method of doing this is by adapting the framework of CE in the context of public sector agencies and organisations. The various advantages and features of CE can potentially even solve the issues of public sector.

CE can result in an increase in growth as successful CE generates a steady stream of fresh ideas that result in new goods and services, resulting in increased revenue and organisational growth. Employee morale and productivity both will be on rise due employees are engaged in CE programmes because they are given the flexibility and self-expression to explore new prospects. This boosts their confidence, improves their skill sets, and, most importantly, increases their productivity because employees feel valued and motivated. Employees are incentivised to work hard by being creative in their jobs. Another advantage involves in the marketplace; employees are naturally able to see market possibilities and dangers since they may speak with former coworkers, have strong connections with clients who pass on information, or be contacted by recruiters who unintentionally pass on valuable information about competitors (Burgelman, 1984; Morris et al., 2010). CE encourages an open and creative mindset. Above all, employees are more satisfied at work when they are involved in the future of the company (Burgelman, 1984). They feel included and trusted. Because employees are invested in the organisation, there is substantially fewer employee turnover. Other brilliant, entrepreneurially inclined personnel who would appreciate the difficulties of disrupting and innovating markets may be attracted to CE chances. Thus, the recruitment of employees with the right mindset is crucial for corporate entrepreneurship.

Corporate Entrepreneurship Concept

To execute entrepreneurship, it is necessary to have a proper understanding of CE concept. Examining salient papers found on CE concept suggests an obvious chronology whereby the concept has evolved. This chronology is briefly presented below.

In the 1980s, researchers referred to CE as a series of behaviours, which aim to achieve innovative outcomes (Pinchott, 1985; Burgelman, 1984). Burgelman (1984) defined CE as “extending the firm’s domain of competence and corresponding opportunity set through internally generated new resource combinations” (p.154). In another definition, CE is simply defined as a process of organisational renewal, which holds two seemingly independent but actually related aspects, i.e., corporate venturing, and strategic focus on creating new businesses through developments in market, process, and technology and new managerial innovations (Sathe, 1989). In the 1990s, however, CE researchers view the concept as contributive to a company’s ability of developing innovative skills (Kuratko & Audretsch, 2013), thus presenting a more comprehensive definition. Zahra (1991) defines CE as formal or informal activities with the aim of creating new businesses in already established companies via innovation in product, processes, and development (Kuratko & Audretsch, 2013). Covin and Miles (1999; 2007) present CE definition whereby they identify four forms of it. They argue that CE may be achieved through any of these forms:

- *Strategic Renewal*: When innovation takes place in organisation’s strategies with the purpose of attaining competitive advantage.
- *Sustained Regeneration*: An entrepreneurial phenomenon whereby an organization constantly launches new products or services and enters new markets.
- *Domain Redefinition*: When an enterprise pioneers a new product-market domain, which others have not identified or tapped. By domain redefinition, the company sets to move toward non-dense (unsaturated) markets or blue oceans.
- *Organisational Rejuvenation*: The organisation seeks to develop or sustain its superiority over

competitors by changing its internal processes, organisational structure, or capabilities.

From another perspective, CE is the process whereby an individual or group of individuals within an organisation creates a new business or leads to renewal or innovation in the organisation. Therefore, they believe CE consists of three activities that may be related to each other: (1) corporate venture capital, (2) transforming existing company through strategic renewal, and (3) innovation (Samei & Feyzbakhsh, 2015).

During the first decade of the twenty-first century, CE referred to the endeavours of a company to gain competitive advantage by growth in profits (Kuratko & Audretsch, 2013). Thus, it is clear that CE concept has been undergoing constant development over time, which suggests why in last years; researchers have frequently tried to come up with a new understanding of CE in comparison with the previous definitions of this concept (Covin & Miles, 1999; Ireland et al., 2009; Kuratko & Audretsch, 2013). Recently, scholars have focused on sustainable entrepreneurship. As Shepherd and Patzelt (2011) define: “Sustainable entrepreneurship is focused on the preservation of nature, life support system, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and noneconomic gains to individuals, the economy, and society” (p.142). Following opportunities related to sustainable entrepreneurship will face with different market barriers such as imperfect information, government intervention, monopoly power, and flawed pricing mechanisms (Pinkse & Groot, 2015).

Thus, the global economy has caused a realisation that CE may be the most effective method to achieve high levels of organisational performance (Garvin & Levesque, 2006; Kuratko, 2009; Kuratko & Audretsch, 2013; Morris, Kuratko & Covin, 2011).

Corporate Entrepreneurship in Public Sector

In literature, the one type of entrepreneurship that is often applied in the context of government or public sector is CE (Kuratko, 2012). The application of CE is often too

far and few as it is limited to large corporations strictly competing in the private sector. A CE model that may be used to public sector firms provides a number of advantages over more traditional entrepreneurship models and theories that focus on private sector businesses. Because entrepreneurial effectiveness is undoubtedly an organisational level phenomena, an organisational level model of CE is suitable given the degree and depth of investigation. Organisational performance may be used to assess corporate entrepreneurial effectiveness. Organisational performance is determined by both organisational and individual behaviour. A breakthrough is made whereby they have identified the potential factors influencing the adoption of CE in the public sector (Kearney et al., 2008).

The process of CE in the public sector needs innovative individuals who are change agents. Large and small firms, as well as the public and private sectors, must all be entrepreneurial (Kearney et al., 2008). “Entrepreneurs have particular personality qualities and motives, one of which is their drive and determination” (Kearney et al., 2008). Enterprising people have ideas and see possibilities, and they know how to get the resources they need to take advantage of them. “Public enterprise” is a mix of public and private enterprises that is regarded to be a more efficient organisational model for various government projects in the public sector (Sadler, 2000). High-risk pursuits are improper in the public sector because public personnel are not in a position to put taxpayer funds at risk. This, along with the difficulty of assessing risk/return trade-offs in the public sector, renders high-risk pursuits undesirable. Furthermore, the necessity for consensus in decision-making and high visibility imply that gradual change is more realistic than dramatic innovation. Furthermore, the long timelines necessary for an entrepreneurial event are incompatible with public sector budgeting and re-election cycles. Furthermore, bureaucracy and the civil service system work to maintain the status quo, presumably by shielding political leaders and public officials from arbitrary or politically motivated behaviour. Again, there appears to be a possible paradox because entrepreneurship frequently requires upsetting the status quo and bringing about organisational change.

Conditions for Corporate Entrepreneurship

While the novelty of CE is enlightening, there are some conditions that must be fulfilled; management arrangements that are decentralised (Veenker et al., 2008); flat management structures are ideal for companies that want to foster a culture of corporate entrepreneurship. Flat management structures, according to Professor Bouchard, “promote entrepreneurial cultures” by eliminating many management levels and lines of reporting, which slows down the quick decision making required in innovative thinking. Formal project management procedures (Behram & Özdemirci, 2014); Formal project procedures do not need to be exhaustive; they just need to be in place. If a new project is approved, it must be developed with business resources, including time and money. Communication must be open (Thornberry, 2001); if creative ideas are to get off the ground, businesses must encourage and support open lines of communication across departments. Open communication is the foundation of successful collaboration, thus workshops should be organised on a regular basis to allow for the exchange of ideas that might lead to entrepreneurial breakthroughs. Taking risks and seizing chances (Bouchard & Fayolle, 2017); Corporate entrepreneurs can only thrive in an environment that encourages, supports, and encourages them to take risks. Businesses may create a risk-taking culture by identifying team leaders that represent the entrepreneurial mentality and advocate risk-taking as a road to creativity and innovation such as those with growth mindsets. Literature evaluations demonstrate significant discrepancies across the sectors based on empirical facts. The absence of economic markets and their cost-cutting pressures, more intense external political influences, unique expectations of fairness, responsiveness, honesty, openness, and accountability, goals beyond direct customer satisfaction, greater goal ambiguity, multiplicity, and conflict for managers less decision-making autonomy and flexibility for managers, fewer incentives, the risk-aversion culture, as well as the typically low decision-making autonomy and flexibility, are especially significant in the context of entrepreneurship (Diefenbach, 2011b). Fig. 1 gives the conceptual framework.

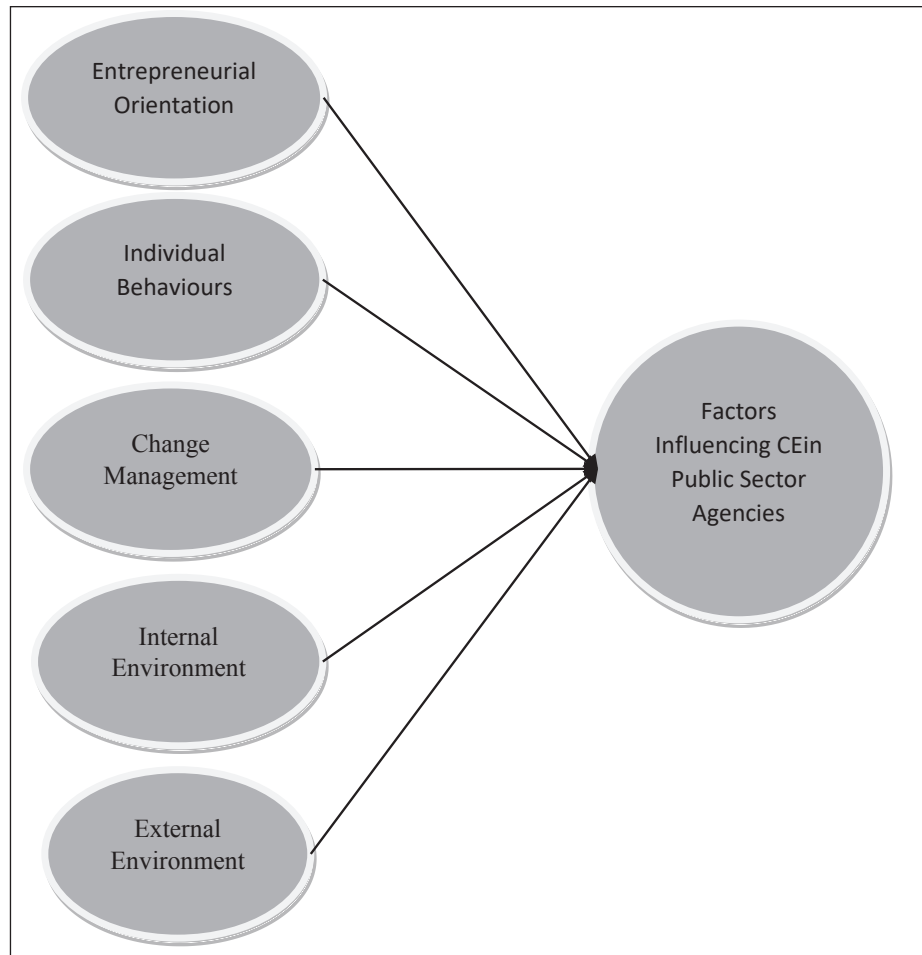


Fig. 1: Proposed Conceptual Framework

Entrepreneurial Orientation

Entrepreneurial Orientation (EO) has been around in entrepreneurial literature for decades and is an important part of entrepreneurship and strategy studies. EO is an organisation's strategy approach to entrepreneurship, and it has become a central concept in CE research. Early EO study centered on three fundamental dimensions: creativity, risk-taking, and proactiveness (Meynhardt & Diefenbach, 2012). Organisations that are inventive are more likely to be entrepreneurial than those that are not (Zahra & Garvis, 2000). These entrepreneurially oriented businesses have a culture that encourages employees to operate independently and to propose new ideas that might improve the company's productivity. Thus, entrepreneurial orientation is a condition or attribute of an organisation and is characterised by a number of behavioural aspects

Entrepreneurial orientation is defined as the existence of organisational behaviour and entrepreneurial mindset that reflects risk-taking, proactiveness, and innovation (Diefenbach, 2011a). Innovativeness increases when an entrepreneurially oriented firm is one that embraces corporate entrepreneurship. Employees at entrepreneurial businesses are exposed to new technology, which keeps them aware and more proactive. Educating them on industry developments and assisting them in evaluating new opportunities, allowing them to undertake risks without much fear (Lumpkin et al., 2009). As a result, it is critical that the public sector adopts an entrepreneurial mindset. It is confirmed a robust association between entrepreneurial intensity and different financial and operational metrics of company success. The major effect of a strong entrepreneurial posture, as underlined in a study of entrepreneurship construct, is favorable performance. The viewpoint presents anecdotal evidence supporting the assumption that more

entrepreneurial organisations do better than industry standards. The fundamental reason for the growing interest in entrepreneurship is the notion that it may lead to enhanced business performance and it is explicit that they have positive correlation on performance of companies (Caruana et al., 2002). It is proposed that the connection be extended to public bodies based on the foregoing (Kraus et al., 2019; Meynhardt & Diefenbach, 2012).

A number of aspects are shared by definitions of entrepreneurship in the public sector. First, the aspects of innovativeness, proactiveness, and risk-taking are often mentioned in the context of public sector such as “innovate,” “change,” and “take risk (Kearney et al., 2008). These characteristics relate to private-sector dimensions, which are also mentioned in certain public-sector studies. Second, some definitions include value creation such as “serving the public” or “having the ability to offer services and produce value” (Bernier & Hafsi, 2007; Morris & Jones, 1999; Morris & Sexton, 1996). Another frequent factor, which is outside the scope of this study, is the formation of new organisations.

The component of innovativeness is defined as the search for creative, unconventional, or original solutions to issues and demands, such as new services, new organisational forms, and process improvements (Diefenbach, 2011a). The focus of innovation in the public sector is mostly on new processes, rather than on services or organisational structures (Morris & Jones, 1999). It is also believed that public-sector innovation is more gradual than dramatic. Proactiveness is defined by action orientation, idea implementation, flexibility, issue anticipating and prevention, taking responsibility for failure, rule interpretation, and networking and resource leveraging abilities (Currie et al., 2008; Morris et al., 2010). They have emphasised the importance of tenacity and patience in implementing change in the public sector in order to overcome opposition to innovation. Risk-taking is known as the willingness to assume modest risk in committing resources to address possibilities or pursuing projects with a calculated possibility of loss or failure (Kreiser & Davis, 2010). This component differs the most from its counterpart in the private sector. Failure in the public sector does not involve bankruptcy. Programmes or

organisational units, on the other hand, can be canceled, budgets slashed, and services given inadequately or not at all. In terms of personnel, attrition might increase, and careers can be jeopardised (Morris et al., 2010, p. 200).

Individual Behaviours

The individual behaviour in mind is the entrepreneurial behaviour and conduct. Individual behaviours inside employees can be adapted to have an entrepreneurial mindset and behaviour (Moore, 1986). Entrepreneurial behaviour continues to be seen as an important path to improved performance in all types of organisations (Lumpkin & Dess, 1996). Entrepreneurial behaviour is one of two behavioural choices that underpin the urge to experiment and disrupt the status quo, or a social norm. The other type of conduct is that of a manager, who is generally unwilling to change and take risks. Entrepreneurial conduct accepts innovation, is driven to pursue status quo modifications, and derives enjoyment from institutional improvements. Managerial conduct, on the other hand, is characterised by a predilection for maintaining the status quo.

Thus, CE is prioritises entrepreneurial behaviours and conduct (Bird, 2019). Entrepreneurial conduct is also characterised by a desire towards altering the status quo versus maintaining it, where they are open to new ideas. A shift in institutions satisfies those with an entrepreneurial spirit because keeping things organised and ordered isn't nearly as enjoyable. Entrepreneurial conduct prioritises innovative information over duplicated information. In other words, entrepreneurial conduct is characterised by a propensity for change in current institutions and the status quo (Penkov & Chabanenko, 2019). It might be as basic as a desire to purchase a new technology device or as complex as rebelling against the incumbent political authority and establishing a new nation. It frequently manifests itself as an entrepreneur taking the risk of arranging production and starting a new company enterprise. For instances, entrepreneurial conduct may also be found in a variety of generic activities that make up daily life. Another example is the urge to take a different route to work on a regular basis. Another example is the proclivity to rearrange furnishings. A third example is to try a new restaurant or cuisine every now and again.

Managerial Behaviours

Apart from individual employees, also the responsibility of managers is to adapt management behaviours fosters entrepreneurial behaviour and conduct. Harvard Business School researchers discovered that the most significant management behaviours entail two basic things: allowing employees to progress in their profession and treating them fairly as human beings (O'Connor, 1999). Managerial behaviour is influenced by talent, motivation, and opportunity, as manifested in diverse situational contexts (Noordegraaf & Stewart, 2000; Zampetakis & Moustakis, 2010). Because behavioural management theory is concerned with human relationships at work, it is known as the human relations movement. According to behavioural theorists, the better your grasp of human behaviours such as conflict, expectations, and motives, the more productive you will be. Recognising employees' social requirements allows you to better understand and provide them, resulting in more motivated employees (Knowles, 1958).

There are two dimensions in which managerial behaviours can be attained; effective leadership and social needs. Effective leadership entails carrying out the company's vision (or, in certain situations, redefining and refining it) as well as creating the tone and culture for that specific firm (Currie et al., 2008). Leadership include establishing and planning, obtaining resources, and detecting and correcting faults. According to needs theory hierarchy, people are driven to meet fundamental wants before moving on to requirements that are more complex. Maslow, as a humanist, thought that humans had an inborn drive to be self-actualised, or to achieve their full potential. However, in order to accomplish these ultimate goals, a number of more fundamental requirements, such as food, safety, love, and self-esteem, must be addressed. Maslow's hierarchy of needs is a motivational theory in psychology that consists of a five-tier model of human wants, which is sometimes shown as hierarchical levels within a pyramid. Physiological (food and clothes), safety (job security), love and belonging needs (friendship), esteem, and self-actualisation are the demands that are prioritised from the bottom of the hierarchy up.

Middle Managers

A prime example of people who must possess the relevant management behaviours for CE are the middle managers as they play an important role in fostering entrepreneurial behaviour and conduct (Davis & Fisher, 2002). This component represents the function of intermediate managers in this area (Zampetakis & Moustakis, 2010); middle managers must perceive the availability of resources for creative initiatives in order to stimulate experimentation and risk taking. Middle managers are responsible for supportive organisational structure; the structure that must support administrative procedures for evaluating, selecting, and implementing ideas (Buick et al., 2018). In corporate entrepreneurial activity, structural limits are a key stumbling hurdle for middle management. Middle managers must perceive an atmosphere that supports measured risk taking while preserving a realistic tolerance for failure.

Although upper management initiates CE, intermediate and middle managers follow out their orders and hence play a major role in its effectiveness (Burgess, 2013). For example, hotel middle managers are intended to be more entrepreneurial, but the findings show that, while centralised structures provide system and process uniformity, they result in a 'top-down' style to leadership and decision making (Hornsby et al., 2002). The intermediate manager has difficulties expressing challenges and ideas to upper management, limiting their capacity to be innovative and take risks on the hotel's behalf. Organisations appear to be failing to learn from their mistakes, which has a detrimental influence on performance. As proof, middle management support, employee motivation, a plethora of expectations, the manager's localism, and the manager's longevity in the present position/department are examples of these (Diefenbach, 2011a). Thus, there is a substantial positive association between middle management and public value orientation.

However, findings show that middle managers should not be compelled to change jobs too frequently (Meynhardt & Diefenbach, 2012). They require time and should be encouraged to establish local networks that provide them

access to a variety of expectations. In summary, middle managers must develop an awareness of and concern for local situations. Finally, senior management must ensure organisational support wherever feasible, particularly in the form of resources for implementing innovative ideas.

Change Management

There have been countless change models throughout the decades; change management is responsible for the successful acceptance and utilisation of change within the organisation (By, 2005; Van de Ven & Sun, 2011). Change management is needed as it enables workers to comprehend, commit to, and operate well during the shift. Company transitions may be difficult and costly in terms of both time and resources if appropriate organisational change management is not implemented. Kurt Lewin created a change model that consists of three steps: unfreezing, altering, and refreezing (Burnes, 2004; Kaftandzieva, 2021). According to the model, the process of change comprises first developing the notion that a change is required, then progressing towards the desired level of conduct, and lastly consolidating that new behaviour as the norm.

McKinsey's "Influence Model"

However, there is a glaring research gap where only a few studies have analysed individual behaviour for public sector. Certain types of employees in public sector behave differently from employees in private sector and thus needed a change mindset; McKinsey's "influence model" is composed to deal with this issue (Channon & Caldart, 2015; Kaplan, 2005). McKinsey's change management model have four main components; fostering understanding and conviction, reinforcing changes through formal mechanisms, developing talent and skills, and role modeling. When implemented together, these four sorts of activities, which reinforce one another, are said to improve employee mindsets and favourably affect behaviour. The influence model is built on these foundations. One of the reasons it is also known as an Influence Model for Change is because of this. McKinsey's influence model is needed because people have a hard time executing any work or behaving in a certain way (Asavathiratham et al., 2001), especially corporate entrepreneurship. Furthermore,

corporate executives have a tendency to exaggerate their communication skills to the point of incoherency. Thus, a gap exists where the extent to which the rest of the company does not understand why a new method of doing things. Other cases include a lack of awareness from employees.

Leaders frequently fail to see that, despite their best efforts, their incentive structures continue to favour the old way of doing things (Baishya, 2015). For instance, a corporation that makes a significant change from selling items to offering direct services. Despite this, they continue to assign revenue objectives to salespeople that do not discriminate between products and services. If a company wants its employees to behave differently, it must acknowledge that they may need to learn entirely new abilities (Basford & Schaninger, 2016). McKinsey cites studies that demonstrates that people of all ages have a remarkable ability to learn new things and develop new talents. However, if a company is seeking to break into a completely new industry, it must first acknowledge the value of strengthening its commercial team's confidence and expertise. It must devote time to developing, training, and teaching its commercial talent.

Thus, the goal is to express the reasons for the new method of doing things on a regular basis (Channon & Caldart, 2015), and in this case, corporate entrepreneurship. They must create a compelling story for the transformation endeavour, as well as ask questions and get feedback all the time to gauge how much people buy into the process. This is because people unconsciously emulate others without recognising it. They may, purposefully match their activities with those of others in order to learn, progress, or simply fit in. The key takeaway here is that for change into CE to be effective; leaders must act and communicate in ways that are consistent with the intended change. Whether they realise it or not, others will imitate them.

Internal Environment of Public Sector

Internal CE refers to many sorts of entrepreneurial behaviour in existing firms aiming at gaining a competitive edge through creativity, initiative, seizing opportunities, inventing, and taking risks (Bosma, Stam & Wennekers, 2014). Internal influencing factors such as structure and culture are included in one conceptual model of CE that

may be applied to public sector enterprises. Decision-making and control, rewards/motivation, culture, risk acceptance, and proactivity are part of internal corporate entrepreneurship. SWOT and PESTLE is one of the most useful methods of gauging the internal environment.

A SWOT analysis is a strategy for examining these four areas of your organisation (Gurl, 2017). SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. SWOT Analysis is a basic technique that may assist you in analysing that your organisation does well right now and developing a successful plan. A SWOT analysis assists firms in gaining visibility into their current situation, allowing them to comprehend and analyse overall company performance. It enables a company to assess its own strengths, which can then be used to better penetrate the market and fulfill commercial objectives.

A PESTLE examination examines an organisation's political, economic, social, technical, legal, and environmental elements (Pickton & Wright, 1998). It is an anatomy as well as a strategic management tool that aids in the examination of macro-environmental aspects that may have a reverberating impact on an organisation's achievements (BOVAIRD, 2015). It is a great tool for corporations and other organisations who want to have a systematic understanding of their external environment. PESTLE analysis takes into account the overall environmental context that impacts the firm as well as the changes that occur in that setting (Issa et al., 2010). SWOT analysis then analyses these results for the business in order to assess the company's strengths and weaknesses, as well as opportunities and threats (Yüksel, 2012). A PESTEL allows people to consider all of the critical elements that might affect your company's success or failure (Kearney et al., 2009). A PESTLE analysis is a basic approach that helps businesses prosper by allowing owners to obtain a better knowledge of the larger market in which they operate. Broadening your understanding to include external elements stimulates strategic thinking, which leads to better strategising.

Culture

Unfortunately, public-sector organisations that have been pushed to abandon conventional bureaucratic ideals

in favour of a stronger emphasis on change, flexibility, entrepreneurialism, results, efficiency, and productivity (Wyckoff, 1990). However, it is suggested that public sector organisations continue to emphasise the ideals of a bureaucratic or hierarchical organisational culture. From a management standpoint, findings have shown that managers' capacity to manage cultural change is limited (Nica, 2013; Waterhouse & Lewis, 2004). There is a substantial body of research that emphasises the difficulties of altering organisational culture on the grounds that culture is deeply established in an organisation's core norms and values and cannot be imposed from above (Waterhouse & Lewis, 2004). This would imply that executive support for a change in organisational culture is insufficient to effect transformation. This would explain why culture in the public sector continues to deviate from the new management framework's prescriptions.

A research support the hypothesis that culture in the public sector is still based on a classic bureaucratic paradigm (Hayton et al., 2002). One possible explanation for this finding is that public organisations are fundamentally different from private organisations and, as a result, will continue to be oriented toward a traditional model of public organisations involving a hierarchical culture, regardless of policy prescriptions aimed at achieving organisational change.

Leadership

Leadership that is appropriate for change is transformational leadership. Transformational leadership have a number of advantageous characteristics, which include articulating an appealing vision, providing meaning and a sense of purpose in what needs to be done, aligning employees' values and organisational ideology, or inspirational motivation in employees for change. Another characteristic involves creating emotional challenges and enhancing followers' pride and loyalty, or idealised influence; which will embed the motivation in employees in the long term. Finally, transformational leadership hints at viewing the world from a new perspective and creating work structures that encourage employee participation, or intellectualism, allowing CE employees to think for themselves (Orazi et al., 2013).

However, it should be noted that there are other leadership styles that are just as appropriate for corporate

entrepreneurship. Visionary leadership styles have been contrasted with more transactional ones (Nanus, 1992), such as monitoring follower performance, intervening when standards are not met and taking corrective action when deviations occur, rewarding services rendered, and diagnosing each follower's needs (Dess et al., 2003).

Thus, researchers and practitioners have moved their focus to 'integrated' leadership. Integrated leaders employ a mix of transformational and transactional behaviours in visionary leadership, such as ensuring the clarity of desired outcomes, increasing followers' intrinsic motivation, recognising accomplishments, rewarding high performance, and varying degrees of transactional interactions with subordinates, all of which are appropriate for corporate entrepreneurship.

External Environment of Public Sector

External environment of the public sector contains a number of environmental variables such as politics, complexity, munificence, and dynamism. These combined variables become a model of public sector entrepreneurship's external environmental factors. The external environment has a major and deterministic influence on the presence and efficacy of entrepreneurial activity (Covin & Slevin, 1989). The politics of an external environment consists public institution is riddled and filled with political issues (Stewart, 2004). Some means that political restrictions, policy changes are frequent and public managers are given limited time horizons and deadlines. Opinion leaders are easily swayed, where direct manipulation by politicians and interest groups, and opposition to an agency's authority are sometimes more essential than actual economic problems, which are more critical for private businesses (White, 2015). Above all, there is constant pressure to achieve quick results. These results can help the agency achieve a larger share in the next round of appropriations. However, these results may only be possible only as long as congressional and political allies remain entrenched; for instance, results that can help re-elect a president (Ball, 2007). Thus, organisations in both the public and commercial sectors must adapt to and manage the many political and environmental elements that affect their operations.

As time moves on, the external environment of public sector enterprises is today very turbulent and complex, meaning a dynamic, hostile, and complicated collection of environmental factors, as well as increase in competition (Christensen & Lægheid, 2011). This is especially the case for managers in the public sector now face a more complicated, dynamic, and dangerous environment than in the past. Not only are resources limiting an organisation's capacity to adjust to changing conditions, but also so are the management philosophies and structures that characterise public companies. Organisations in both the public and commercial sectors must be able to adapt to the growing environmental complexity that they are confronted with (Stacey & Griffin, 2007).

Munificence refers to environmental benevolence that includes the notion of dynamism, technical potential, business expansion, and the desire for new goods (Caruana et al., 2002). Munificent settings enable enterprises to create slack resources, which, in turn, promote dispute resolution (Kearney et al., 2008, 2010). Furthermore, generous settings allow businesses to tap into external resources for assistance at times of internal and external difficulties (Hambrick & Finkelstein, 1987). Organisations in both the public and commercial sectors must be prepared to adapt to the rising environmental adversity they face. The term dynamism refers to continuity of changes in a firm's environment, deriving from technical process, competitive rivalry, regulatory development, and similar causes that is used to describe the continuity of changes in a firm's environment (Hadavinejad & Sayyahpoor, 2021). Dynamism is related to perceived instability and continual changes in the firm's market (Hirsch, 2012). Dynamic settings may present additional chances for the entrepreneurial firms in the private sector to capitalise on, but hostile situations give a strong motivation for businesses to pursue innovation as a source of competitive advantage and differentiation (Zimmermann, 2010). Organisations in both the public and private sectors must be ready to respond to rising environmental dynamism. Thus, these findings suggest that public sector organisations may manage change through CE when they adapt to a large environment and when their decision-making style and control system are matched (Kearney et al., 2010). Public sector organisations concentrating on implementing and renewing CE slightly

favourably related with organisational performance, growth, and development.

Conclusion

The public sector contributes to a country's economic development by fostering rapid economic growth through the establishment and expansion of infrastructure. As a result, it creates work possibilities, which contribute to the growth of a country's financial resources. The Public sector suffers from inefficient management, delayed decisions, lack of innovations, political interference, and excessive government control. In a quickly changing business world, CE is critical for inventing and adapting to change. CE may also increase productivity and morale among employees by providing them with the space and chance to tackle new problems and execute new ideas. However, these can potentially be solved or mitigated with the implementation of a culture known as corporate entrepreneurship. It is important to note that CE faces a number of challenges, even after successful implementation. Thus, this paper has composed a conceptual framework on the factors affecting CE in the public sector. By taking into account these potential factors, public sector agencies can properly implement corporate entrepreneurship.

References

- Ambad, S. N. A., & Wahab, K. A. (2016). The relationship between CE and firm performance: Evidence from Malaysian large companies. *International Journal of Business and Society*, 17(2), 259-280.
- Asavathiratham, C., Roy, S., Lesieutre, B., & Verghese, G. (2001). The influence model. *IEEE Control Systems Magazine*, 21(6), 52-64.
- Baishya, B. (2015). McKinsey 7s framework in corporate planning and policy. *International Journal of Interdisciplinary Research in Science Society and Culture*, 1(1), 165-168.
- Ball, S. J. (2007). *Education plc: Understanding private sector participation in public sector Education*. Routledge.
- Basford, T., & Schaninger, B. (2016). *The four building blocks of change*. McKinsey & Company.
- Behram, N., & Özdemirci, A. (2014). The empirical link between environmental conditions, organizational culture, corporate entrepreneurship and performance: The mediating role of corporate entrepreneurship. *International Journal of Humanities and Social Science*, 5, 264-276.
- Bernier, L., & Hafsi, T. (2007). The changing nature of public entrepreneurship. *Public Administration Review*, 67(3), 488-503.
- Bird, B. (2019). Toward a theory of entrepreneurial competency. In J. A. Katz & A. C. Corbet (Eds.), *Seminal Ideas for the Next Twenty-Five Years of Advances* (vol. 21, pp. 115-131).
- Bouchard, V., & Fayolle, A. (2017). *Corporate entrepreneurship*. Routledge.
- Bovaird, T. (2015). Marketing in public sector organizations. In *Public Management and Governance* (3rd ed.). Routledge.
- Buick, F., Blackman, D., & Johnson, S. (2018). Enabling middle managers as change agents: Why organisational support needs to change. *Australian Journal of Public Administration*, 77(2), 222-235.
- Burgelman, R. A. (1984). Designs for CE in established firms. *California Management Review*, 26(3), 154-166.
- Burgess, C. (2013). Factors influencing middle managers' ability to contribute to corporate entrepreneurship. *International Journal of Hospitality Management*, 32, 193-201.
- Burnes, B. (2004). Kurt Lewin and complexity theories: Back to the future? *Journal of Change Management*, 4(4), 309-325.
- Burns, P. (2008). *Corporate entrepreneurship*. Retrieved from <https://scholar.googleusercontent.com/scholar>
- By, R. T. (2005). Organisational change management: A critical review. *Journal of Change Management*, 5(4), 369-380.
- Caruana, A., Ewing, M. T., & Ramaseshan. (2002). Effects of some environmental challenges and centralization on the entrepreneurial orientation and performance of public sector entities. *The Service Industries Journal*, 22(2), 43-58.
- Channon, D. F., & Caldart, A. A. (2015). McKinsey 7S model. In *Wiley Encyclopedia of Management* (pp. 1-1). John Wiley & Sons, Ltd.
- Christensen, T., & Lægheid, P. (2011). Complexity and hybrid public administration — Theoretical and empirical challenges. *Public Organization Review*, 11(4), 407-423.
- Covin, J. G., & Miles, M. P. (2007). Strategic use of corporate venturing. *Entrepreneurship Theory & Practice*, 31(2), 183-207.

- Currie, G., Humphreys, M., Ucbasaran, D., & McMANUS, S. (2008). Entrepreneurial leadership in the English public sector: Paradox or possibility? *Public Administration*, 86(4), 987-1008.
- Davis, D., & Fisher, T. (2002). Attitudes of middle managers to quality-based organisational change. *Managing Service Quality: An International Journal*, 12(6), 405-413.
- Dess, G. G., Ireland, R. D., Zahra, S. A., Floyd, S. W., Janney, J. J., & Lane, P. J. (2003). Emerging issues in corporate entrepreneurship. *Journal of Management*, 29(3), 351-378.
- Diefenbach, F. E. (2011a). *Entrepreneurial orientation in the public sector: When middle managers create public value* (Dissertation of Doctor of Philosophy in Management, School of Management, Economics, Law, Social Sciences and International Affairs, The University of St. Gallen, Germany).
- Diefenbach, F. E. (2011b). Entrepreneurship in the public sector. In F. E. Diefenbach (Ed.), *Entrepreneurship in the Public Sector: When Middle Managers Create Public Value* (pp. 31-64). Gabler.
- Dollinger, M. (2008). *Entrepreneurship*. Marsh Publications.
- Garvin, D. A., & Levesque, L. C. (2006). Meeting the challenge of corporate entrepreneurship. *Harvard Business Review*, 84(10), 102-112.
- Gurl, E. (2017). *SWOT analysis: A theoretical review*. doi:<https://doi.org/10.17719/jisr.2017.1832>
- Hadavinejad, M., & Sayyahpoor, A. (2021). In search of dynamism of organizational futurism development in public sector. *Organizational Culture Management*, 19(3), 405-422.
- Hayton, J. C., George, G., & Zahra, S. A. (2002). National culture and entrepreneurship: A review of behavioral research. *Entrepreneurship Theory and Practice*, 26(4), 33-52.
- Hirsch, B. T. (2012). Unions, dynamism, and economic performance. *Research Handbook on the Economics of Labor and Employment Law*, 107-145.
- Hornsby, J. S., Kuratko, D. F., & Zahra, S. A. (2002). Middle managers' perception of the internal environment for corporate entrepreneurship: Assessing a measurement scale. *Journal of Business Venturing*, 17(3), 253-273.
- Issa, D. T., Chang, V., & Issa, D. T. (2010). Sustainable business strategies and PESTEL framework. *GSTF International Journal on Computing*, 1(1), 8.
- Kaftandzieva, I. (2021). *Kurt lewin's change management model implemented in textile industry in North Macedonia*.
- Kaplan, R. S. (2005). How the balanced scorecard complements the McKinsey 7-S model. *Strategy & Leadership*, 33(3), 41-46.
- Kearney, C., Hisrich, R. D., & Roche, F. (2009). Public and private sector entrepreneurship: Similarities, differences or a combination? *Journal of Small Business and Enterprise Development*, 16(1), 26-46.
- Kearney, C., Hisrich, R. D., & Roche, F. W. (2010). Change management through entrepreneurship in public sector enterprises. *Journal of Developmental Entrepreneurship*, 15(4), 415-437.
- Kearney, C., Hisrich, R., & Roche, F. (2008). A conceptual model of public sector corporate entrepreneurship. *International Entrepreneurship and Management Journal*, 4(3), 295-313.
- Knowles, W. H. (1958). Human relations in industry: Research and concepts. *California Management Review*, 1(1), 87-105.
- Kraus, S., Breier, M., Jones, P., & Hughes, M. (2019). Individual entrepreneurial orientation and intrapreneurship in the public sector. *International Entrepreneurship and Management Journal*, 15(4), 1247-1268.
- Kreiser, P. M., & Davis, J. (2010). Entrepreneurial orientation and firm performance: The unique impact of innovativeness, proactiveness, and risk-taking. *Journal of Small Business & Entrepreneurship*, 23(1), 39-51.
- Kuratko, D. F. (2012). Corporate entrepreneurship. *Handbook on Organisational Entrepreneurship*, 226-241.
- Kuratko, D. F. (2009). The entrepreneurial imperative of the 21st century. *Business Horizons*, 52(5), 421-428.
- Kuratko, D. F., & Audretsch, D. B. (2013). Clarifying the domains of corporate entrepreneurship. *International Entrepreneurship and Management Journal*, 9, 323-335.
- Lumpkin, G. T., Cogliser, C. C., & Schneider, D. R. (2009). Understanding and measuring autonomy: An entrepreneurial orientation perspective. *Entrepreneurship Theory and Practice*, 33(1), 47-69.
- Meynhardt, T., & Diefenbach, F. E. (2012). What drives entrepreneurial orientation in the public sector? Evidence from Germany's federal labor agency. *Journal of Public Administration Research and Theory*, 22(4), 761-792.

- Morris, M. H., Kuratko, D. F., & Covin, J. G. (2010). *CE & Innovation*. Cengage Learning.
- Morris, M. H., Kuratko, D. F., & Covin, J. G. (2011). *CE & innovation*. Boston: Cengage/South-Western/Publishers.
- Nica, E. (2013). Organizational culture in the public sector. *Economics, Management, and Financial Markets*, 8(2), 179-184.
- Noordegraaf, M., & Stewart, R. (2000). Managerial behaviour research in private and public sectors: Distinctiveness, disputes and directions. *Journal of Management Studies*, 37(3), 427-443.
- Orazi, D. C., Turrini, A., & Valotti, G. (2013). Public sector leadership: New perspectives for research and practice. *International Review of Administrative Sciences*, 79(3), 486-504.
- Penkov, S., & Chabanenko, M. (2019). The concept of constitutional freedom of a person to conduct entrepreneurial activity. *Baltic Journal of Economic Studies*, 5(1), 160-167.
- Peters, T. J., & Waterman, R. H. (1984). In search of excellence. *Nursing Administration Quarterly*, 8(3), 85-86.
- Pinchott, G. (1985). *Intrapreneurship*. New York: Harper & Row.
- Pinkse, J., & Groot, K. (2015). Sustainable entrepreneurship and corporate political activity: Overcoming market barriers in the clean energy sector. *Entrepreneurship Theory and Practice*, 39(3), 633-654.
- Pirhadi, H., & Feyzbakhsh, A. (2021). Corporate entrepreneurship, its antecedents, process, and consequences: A systematic review and suggestion for future research. *Journal of International Entrepreneurship*, 19(2), 196-222.
- Sadler, R. J. (2000). CE in the public sector: The dance of the Chameleon. *Australian Journal of Public Administration*, 59(2), 25-43.
- Samei, H., & Feyzbakhsh, A. (2015). A framework of successor competencies to promote CE in family firms. *Journal of Enterprising Culture*, 23(3), 321-355.
- Sathe, V. (1989). Fostering entrepreneurship in large diversified firm. *Organizational Dynamics*, 18(1), 20-32.
- Shepherd, D. A., & Patzelt, H. (2011). The new field of sustainable entrepreneurship: Studying entrepreneurial action linking “what is to be sustained” with “what is to be developed”. *Entrepreneurship Theory and Practice*, 35(1), 137-163.
- Stacey, R., & Griffin, D. (2007). *Complexity and the experience of managing in public sector organizations*. Routledge.
- Stewart, J. (2004). The meaning of strategy in the public sector. *Australian Journal of Public Administration*, 63(4), 16-21.
- Stopford, J. M., & Baden-Fuller, C. W. F. (1994). Creating corporate entrepreneurship. *Strategic Management Journal*, 15(7), 521-536.
- Thornberry, N. (2001). Corporate entrepreneurship: Antidote or oxymoron? *European Management Journal*, 19(5), 526-533.
- Van de Ven, A. H., & Sun, K. (2011). Breakdowns in implementing models of organization change. *Academy of Management Perspectives*, 25(3), 58-74.
- Veenker, S., Sijde, P. van der, During, W., & Nijhof, A. (2008). Organisational conditions for CE in Dutch organisations. *The Journal of Entrepreneurship*, 17(1), 49-58.
- Wæraas, A., & Byrkjeflot, H. (2012). Public sector organizations and reputation management: Five problems. *International Public Management Journal*, 15(2), 186-206.
- Waterhouse, J., & Lewis, D. (2004). Communicating culture change. *Public Management Review*, 6(3), 353-376.
- White, J. D. (2015). *Managing information in the public sector*. Routledge.
- Zahra, S. A., & Garvis, D. M. (2000). International CE and firm performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15(5), 469-492.
- Zahra, S. A. (1991). Predictors and financial outcomes of corporate entrepreneurship: An exploratory study. *Journal of Business Venturing*, 6, 259-286.
- Zampetakis, L. A., & Moustakis, V. S. (2010). An exploratory research on the factors stimulating CE in the Greek public sector. *International Journal of Manpower*, 31(8), 871-887.
- Zimmermann, H. (2010). Do different types of capital cities make a difference for economic dynamism? *Environment and Planning C: Government and Policy*, 28(5), 761-767.