**Article Review: Entrepreneurship in Public Management:**
The Case of Sri Lankan Administrative Service (SLAS) by R. Lalitha S. Fernando (2006)

H. O. C. Gunasekara  
University of Sri Jayewardenepura, Sri Lanka  
oshanidi@gmail.com

**Abstract**

The application of the concept of entrepreneurship in public sector management is subject to criticism but it is very familiar in the context of the business field. Entrepreneurial behavior in the private sector is a very old but very important and popular concept that is practiced by managers and entrepreneurs aiming to improve organizational performance. The concept has not been given adequate attention in the public sector. The central theme of the paper is to highlight the concept of managerial entrepreneurship in improving the public sector’s organizational performance. This is a review article titled “Entrepreneurship in Public Management: The Case of Sri Lankan Administrative Service (SLAS)” written by Fernando, (2006). This paper explores the applicability of Managerial Entrepreneurship (ME) in selected public sector organizations with some practical examples. The findings of this paper highlight factors affecting ME motivation to achieve, leadership skills, goal clarity, managerial autonomy, performance-based reward system, citizen participation, and public support. This paper also describes the nature of ME in the public sector and critiques the concept of entrepreneurship in the public sector. Drawing on this literature review, recommendations for future research and the possibility of applications of ME in other areas of the public sector are proposed.

**Keywords:** Managerial Entrepreneurship, Public Sector, Sri Lanka

1. **Introduction**

“Entrepreneurship is defined as an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed” (Shane & Venkataraman, 2000). “Public sector entrepreneurship is a separate concept that can be defined as the endorsement of innovative public policy initiatives that generate greater economic prosperity by transforming a status-quo economic environment into one that is more conducive to
economic units engaging in creative activities in the face of uncertainty” (Leyden & Link, 2015). With the use of in-depth interviews, the author discussed several innovative activities that the officers have initiated and identified factors affecting managerial entrepreneurship in the SLAS. Further, this paper discussed and explored three dimensions of entrepreneurial behavior, namely; willingness to take risks at work, proactiveness in their work, and changing behavior and attitudes at work (innovation). In the latter part of the paper, the author presented several examples under each dimension indicating “their innovativeness, proactiveness and risk-taking behavior, which provided some evidence of entrepreneurial activities of public managers in the SLAS” (Fernando, 2006). The same dimensions were also supported recently by other scholars such as Linton, (2019); Mamun et al., (2017); Dai et al., (2014); Filser and Eggers, (2014). Fernando, (2006) argues that most of the innovative activities do not require extra money and resources, but it provides more benefits to people. The study concluded that public entrepreneurs could be found in the SLAS.

Motivation is a significant factor in improving the efficiency of the public sector. Similarly, the motivation to achieve is the most influential factor in entrepreneurial behavior and the author noted that these officials’ main thrust is to do something for the society and noted that the non-economic motives of the officials are more important than financial motives. The officials’ leadership skills, clear targets (goal clarity), and autonomy and performance management were also found to be other important factors affecting the entrepreneurial behaviors of the officials. When there is the autonomy that is the ability to use their authority without political interference that leads to managerial entrepreneurship. However, the author pointed out that the existing reward system does not encourage performance and achievements, hence the author urged restructuring the existing reward system in the public sector.

The study presented several innovative activities including the introduction of new programs for students, reducing the cost of postage expenses, initiating peoples’ groups, introducing a new place for marketing, establishing a new saving mechanism for the lower income people, initiating a new method for consumer protection, introducing a productivity improvement system, introducing kitchen development model, introducing land productivity improvement programs for farmer groups, introducing multi-facilities centers, streamlining the procedures and initiating a method for achieving targets. All programs have contributed to enhancing the effectiveness of public service delivery. These cases provide useful lessons for someone who is trying to apply innovation in public management.

As there is a dearth of studies on Public Entrepreneurship (PE), the requirement of a comprehensive study arises. More studies need to be developed to redress the inadequacy of existing theories of Public Sector Entrepreneurship (PSE) (Shockley et al., 2006). Souitaris and Zerbinati (2005) conducted a study to explore the applicability of the concept of PSE in local governments in Europe based on
Stevenson’s Classical Framework which consists of six dimensions. These dimensions are, “strategic orientation, commitment to opportunity, the commitment of resources, control of resources, management structure, and reward philosophy” (Souitaris & Zerbinati, 2005) and found that the model fits the scenario. Recently, Hayter et al. (2018) conducted another study with an emphasis on the dynamic nature of the PSE. There is a lack of studies to be found in Sri Lanka related to PSE other than the selected article for this review. Even though, this article was published thirteen years ago, there is still a lack of research in this field. To fill the existing gap up to some extent, this study was carried out to examine whether entrepreneurial behavior is applicable to public service with reference to SLAS. The paper explored the applicability of the three dimensions of the concept of entrepreneurship with examples. The explanations could be summarized and presented below.

1.1. Risk-taking Behavior

According to Berman and West (1998) “current management reforms require increased risk-taking by managers”. Salazar (1997) also noted that “risk-taking involves the willingness of the management to commit significant resources to opportunities that have a reasonable chance of failure”. “The responsibility is stressed as an important factor in taking risks and officials’ innovative activities involved risks to some extent and without taking the responsibility of their work, innovations would not be possible in the public sector” (Fernando, 2016) and these innovative activities help to accomplish the societal broader interest. Most of the official innovative activities are related to bringing changes to society and before they introduce the innovations, officials make the whole staff aware of the changes and provide the required training to them. In that way they try to minimize the risk. Further, “officers had always taken the overall responsibility of what they had to fulfill and most of the officials in the study had been feeling any kind of risk if the job is properly done and if they have honest intention to do something for the people” (Fernando, 2006) and further the author argued that the risk involved in new activities could be reduced if the officers are more confident in terms of their abilities and skills with their positive attitudes. Moreover, if they work in a transparent and honest manner, officials do not need to worry about such kind of danger.

1.2. Proactiveness in their Work

“Proactiveness is the opposite of reactive and could be defined as the initiation of engagement of action rather than activity as a reaction to an occurrence” (Salazar, 1997). “Being proactive means to get ready before the situation occurs and it involves thinking about potential problems and all the associated issues beforehand and finding remedies and alternatives and also drawing the job graphically and thinking
of all the impacts and consequences is recommended” (Fernando, 2006). Further the author noted that many respondents revealed that they follow plans which guide them to be proactive. “In the planning cycle, potential problems that might be faced in the future would be forecasted but for some cases proactive activities could not be practiced due to sudden political involvement in the public service. For some cases, unanticipated problems might occur, especially through the political authority, where conflicts of interest exist. In such a situation, reactive measures have to be taken to handle those issues. Proactive behavior is possible when handling issues of the general public and however, some issues related to the staff were not evident beforehand and at the same time, proactive activities are impossible with the issues that are coming from political authorities if they had the advisory capacity with required knowledge of the subject and if they could guide the respective politician, then proactive behavior would be possible in the issues of political authority” (A respondent, as cited in Fernando, 2016).

1.3. Innovative Behavior and Attitudes at Work

“Innovation in the public service means, a repackaging of existing concepts to create new realities” (Keys, 1988). Accordingly, focus is not on invention or creation but on doing things in a different way for providing more benefits to the people. “There is a number of considerable opportunities and freedom to introduce and implement innovative ideas and activities within the service while, if there is a purpose, then many opportunities could be found to introduce innovative and new ideas in their work and innovation in the delivery of services brings in new methods and ideas to the public sector” and “it usually happens with the employees, who think of ways of doing their work more easily” (A respondent, as cited in Fernando, 2016).

This study confirmed that entrepreneurial style is possible in the public service and there are opportunities for innovation while the “officers are willing to take responsibility for their work and they are proactive”. Thus, “managerial entrepreneurship in the SLAS is promising. Respondents’ experiences indicated innovative behaviors and ways of coping with risk when introducing innovative ideas or changes at work” (Fernando, 2006).

2. Related Research

Applying the theory of Public Sector Entrepreneurship (PSE) to public sector management has been identified by several researchers in the international context. “Entrepreneurial Government is an emerging theory, in which public managers are required to play an innovative role in delivering public service and the accomplishment has to be congruent with citizen satisfaction, efficiency, and effectiveness. Despite the limited resource base in the public-sector, public-sector
managers have to take the responsibility to fulfill peoples’ aspirations” (Fernando, 2006). Thus, public entrepreneurship is considered a strategy for coping with constraints in the public sector.

According to Lewis (1980) public entrepreneur “create[s] or profoundly elaborate[s] a public organization so as to alter greatly the existing pattern of allocation of scarce public resources, identify new missions or programs for their organizations or help to propel dynamic policy or political change in the community. Those entrepreneurs do not start new businesses but seek instead to improve the bureaucracies where they work” (as cited in Kanter, 1993). Public entrepreneurs act two different roles; as a public servant, and as an entrepreneur (Center for Public Impact, 2016).

Various scholars explain the differences between entrepreneurial and non-entrepreneurial organizations and it would be beneficial to know about both in order to apply suitable strategies to the public sector for the purpose of improving entrepreneurial management.

Public entrepreneurship and private entrepreneurship are two different concepts. Kearney et al. (2009) stated that private sector entrepreneurship is well-established and by appropriate structures be compared to the public sector. “It is fundamental for the private sector’s organizational survival and growth as it brings significant benefits through increased sales, market share, profitability and growth potential” (Fernando, 2016). These specify the importance of entrepreneurship in the public sector as well.

Wanna et al. (1996) noted several qualities which make opportunities for entrepreneurship such as creativity, leadership innovation, opportunism, risk-taking, facilitating and synthesizing. There are three aspects of managerial entrepreneurship in both public and private organizations namely; product-based entrepreneurship (enhancing customer satisfaction), process-based entrepreneurship (reducing the level of red tape), and behavior-based entrepreneurship (promoting the propensity for risk-taking) (Moon, 1999). Other dimensions of entrepreneurship involve mainly, innovativeness, willingness to take responsibility (risk), and proactiveness (Fernando, 2006).

Entrepreneurial leadership positively affects employees’ innovative behavior in any sector and “public managers can spur innovative behavior among their subordinates by acting as entrepreneurial role models” (Miao et al., 2018). The author further argued “to facilitate innovative behavior in public sector employees, organizations should introduce training that stresses the importance of leaders who act entrepreneurially and encourage subordinates to identify and exploit entrepreneurial opportunities in the workplace” (Miao et al., 2018).

Incentive structure, public sector entrepreneurs, bottom-up and top-down innovations, the impact of New Public Management (NPM) on innovations, and implications of consumerism are the factors affecting the success of innovations (Windrum & Koch, 2008). Diefenbach (2011) further emphasized the middle management level since it is particularly important due to its mediating role, which
uses a model that consists of five factors influencing entrepreneurship orientation, namely; management support, staff motivation, a multitude of expectations, the managers’ localism, and the managers’ tenure in the current position. An efficient and effective public service delivery is fundamental to the sound management of the economy for attaining equality in society. Many authors discuss the concept of entrepreneurship in reference to the private sector and dismiss the idea of public sector entrepreneurship. Other authors argue that the introduction of entrepreneurship into the public sector is inimical to its basic goals, concept, and values.

Related to the theme of managerial entrepreneurship, Fernando (2006) has undertaken another study based on quantitative data titled “Entrepreneurship in Delivery of Service in Public Sector Organization in Sri Lanka: Prospects for Administrative and Managerial Reforms”. This paper also revealed the same findings and proposed managerial and administrative reforms to sustain entrepreneurship behavior in the public sector organizations in Sri Lanka.

To date, there are very limited researches that attempt to establish a theoretical framework on corporate entrepreneurship process within the public sector (Kearney et al., 2007). Luke et al. (2010) illustrate that innovation, risk acceptance, proactiveness, and growth are typically associated with entrepreneurship.

Innovation is one of the important dimensions of the concept of entrepreneurship. A recent study with qualitative data titled “Managerial Innovation in the Public Sector: An Exploratory Study on the State University Administration in Sri Lanka” by the author revealed that “the most university administrators take efforts to introduce innovative activities due to the fact that the administrators are inspired by the need to achieve and they have the expectations on improving the quality of academic programs, improving skills of the students, improving the employability of graduates and offering solutions to students’ problems” (Fernando, 2016). The same author (2015) using a quantitative study on managerial innovation in the State University Administration validated the findings obtained from the above-mentioned qualitative study which revealed that supportive environment, skills of human resources, support of external environment, and administrators’ age and administrators’ needs to achieve are the most significant predictors of managerial innovation in the higher education sector” (Fernando, 2016).

Rajakaruna (2018) also noted that “integrating a strong focus on innovation into public administration will deliver better policy across the board, for the people of Sri Lanka”. It is good news that “Sri Lanka's first Social Innovation Lab works to strengthen institutions, which is to increase capacities of the public sector and reengineer public service delivery through specialized foresight and innovative tools, such as design-thinking, user-journey mapping exercises, and human-centered design approaches, among others. The Innovation Lab works in alignment with national development priorities and works towards bringing in greater citizen engagement to
the formulation of development solutions” (Colombo Page, 2019). It is a prediction of the positive motivation of the innovation field in the country. Renko et al. (2015) revealed that referring to “Chinese public sector agencies in six Chinese cities, entrepreneurial leadership, which is defined as a leadership style that influences and directs subordinates toward the achievement of organizational goals, involves the identification and exploitation of entrepreneurial opportunities, is effective at promoting the engagement of subordinates in innovative behavior in the workplace by creating entrepreneurs at the same workplace”.

The previous section was a review based on the selected article. Innovativeness, proactiveness, and risk-taking behavior were found as the dimensions of entrepreneurship based on literature and empirical data. The study revealed that there were public entrepreneurs in the Sri Lankan Administrative Service. The next section will be the critique of that article.

3. Critique

This selected article to review is important as the concept of public entrepreneurship has not been given adequate attention. “To respond to the peoples’ demands under the conditions of scarcity of resources, the roles of the managers in the public sector need to be changed in an innovative and proactive way to improve the performance of the government” (Fernando, 2006). This is the main argument behind this article. Even in a free market economy, the government must play a key role, to facilitate the growth of the economy and encourage development. Innovations are also aligned with entrepreneurial management where the managers tend to do more innovations that show their determination towards object achievement. Managerial innovation lies at the operational level, not at the theoretical level of managerial ideas since it concerns a practice, process, structure, or technique. The findings of this paper have been validated by the same author through a quantitative study which argued that the concept of “Entrepreneurship” is applicable to public sector organizations in Sri Lanka and, “motivation to achieve leadership skills (technical skills, human skills, and conceptual skills), goal clarity, autonomy, performance-based reward system, citizen participation, and external factors are the most influential factors for managerial entrepreneurship” (Fernando, 2006). With each factor, there was a positive causal relationship except for a performance-based reward system. And there was “a strong positive relationship between citizen participation and public entrepreneurship. Thus, having clients’ ideas at policy planning and implementation, and providing feedback on the delivery of the service would provide broad avenues for public entrepreneurs to find new and more innovative options for improving public service” (Fernando, 2006). “Then the government can utilize required tools like deliberative democracy, e-democracy, public conversations, participatory budgeting, citizen juries, study circles,
collaborative policymaking, and other forms of deliberation and dialogue among groups of stakeholders or citizens” (Bingham et al., 2005). The study helps to identify significant factors on managerial entrepreneurship and adjust towards improving entrepreneurial behavior of the officials in the public sector in Sri Lanka. In the case of school administration also, the concept of entrepreneurship may have a major impact on the performance of the school. Demirbilek and Cetin (2021) “support the idea of entrepreneurial behavior in the education sector emphasizing having entrepreneurial competencies in an educational context, school leadership includes expectations and goals that are integrated into the school’s mission, vision, strategic plan, and goals. In the context of institutional innovation, entrepreneurial principals can develop and implement new ideas that lead to critical change and development in schools”. Therefore, it ensures “the development of creative and innovative attitudes put forward by teachers and other employees in the process” (Wibowo & Saptono, 2018; Pihie et al., 2014; Ruskovaara et al., 2011, as cited in Demirbilek & Cetin, 2021). Accordingly, entrepreneurship at the school level is important to be improved by the principals and the teachers within a supportive environment in the school which was created and facilitated by the higher authorities. That could be positively beneficial to students’ learning in and outside the classroom and their future development as well.

Moreover, it becomes highly important in local government functions since it is the closest way to relate to the general public which is necessarily needed to effectively address people's problems. Hence, the local government should be essential for them to be more entrepreneurial. Smith (2014) shows “the ability of politicians to control the degree of public entrepreneurship. If politicians are eager to see entrepreneurship in one specific area or industry, the Local Government could be the preferred organizational form, allowing more factors to stimulate public entrepreneurship, thus increasing the chances of succeeding with a public entrepreneurship approach”. Several literature and document reviews supported “that entrepreneurship is possible in local governments” (Mbecke, 2015). However, the author noted that “local governments in South Africa remain incapable of delivering effective and efficient goods and services as policies did not consider the participation of local public servants, creativity, and competitiveness, which do not exist in the running of the service delivery mechanism of South Africa”. Thus, the government has not prioritized and promoted entrepreneurship in the public sector (Mbecke, 2015). In many countries, entrepreneurship at the government institutions has been neglected, but referring to the entrepreneurial dimension of being innovative, risk-taking and proactive, adds value to the public service rather than the routing and regular service delivery process.

The study adds value to society since there is very little research done on the related topic of ME in the public sector. Almost all are from the world context and within the Sri Lankan context, only very limited studies could be found related to this topic.
Further, since the same study is done in both quantitative and qualitative aspects, it covers a huge area enabling us to enter a more specific definition in this regard. Deshani and Weerasinghe (2015) noted that, despite the rigid structure, there was some innovative work introduced by the Sri Lankan public sector Administrative Service in Galle District. Accordingly, entrepreneurs with leadership skills and innovation could be seen in the Sri Lankan public service.

In contrast, there are some criticisms that dispel “the myth that public organizations are not innovative because of the nonexistence of a market mechanism that eliminates organizations that do not adapt to their task environment” (Damanpour & Schneider, 2009). “There seems to be considerable disagreement about how to spur and sustain public innovation” (Hartley et al., 2013). “The predominant view of innovation in government has been one of suspicion” (Altshuler, 1997). Because “innovation has been questioned as a legitimate function of public management since risk-taking and bureaucratic discretion are contrary to traditional public administration concerns with control, and accountability and may result in failure, the abuse of citizen rights, favoritism, or corruption” (Terry, 1993). Accordingly, as per referring to the article, the legitimacy of the public sector should be fascinated to enable entrepreneurial public service with a favorable environment, attitudes, and beliefs within the surrounding of the public servants. That could be the initial step of forwarding entrepreneurship which was far behind in public service.

Most studies have been focused on innovation only at the policy, organizational, and project levels (Osborne & Brown, 2011; Walker, 2008; Borins, 2000, as cited in Miao et al., 2018), and the way innovative behavior of individual employees functions has received far less attention (de Vries et al., 2016, as cited in Miao et al., 2018). Thus, the selected article by Fernando, (2006) has filled that gap through the research conducted based on the public service in the Sri Lankan context. Accordingly, it could be considered that the most prominent side of entrepreneurship should be from the employees’ side in an organization.

“Because of the importance of innovation, public-sector organizations increasingly expect their employees to play a contributing role” (Altshuler, 1997). Therefore, it is recommended that “innovative practices can help public sector organizations address changes and stakeholder expectations and provide legitimacy for the government as an institution that creates public value” (Moore, 2014).

Apart from the findings of the study, many more features and factors are contributing to enhancing entrepreneurship in any sector which could be applicable to enhance the public sector of a country. Those characteristics of creativity, risk-taking, passion, conceptual skills, adaptability, discipline, and flexibility are rather in the quality aspect which is not tangible and hard to measure. That is the reason behind entrepreneurship is crucial to initiate, develop, maintain, and continue at any field.

Finally, the study helps to develop development programs using the knowledge generated through the study. Results generated in each study reveal ways to develop
ME in the public sector. It would be more useful to motivate public sector officials towards managerial innovations. Also, the government will be able to develop policies by identifying the reasons behind some bad performances in the organizations and enhancing the performance accordingly. As an example, the results of the paper suggest that citizens’ participation is a key contributing factor to PSE. Accordingly, the government can announce a policy to make it compulsory to improve public awareness and public participation.

4. Conclusion

The selected article explored the officials’ attitudes and behavior related to the three dimensions (innovativeness, risk-taking, and proactiveness) of PE. Based on the in-depth interviews, the study concluded that motivation to achieve leadership skills, goal clarity, managerial autonomy, a performance-based reward system, citizen participation, and public support significantly influence public entrepreneurship. Results indicated that the innovativeness, proactiveness, and risk-taking behavior provided evidence of entrepreneurial activities of public managers in the SLAS while those dimensions were explained through examples. Since the qualitative study was based on in-depth interviews, it helped to deeply analyze the results with a larger sample based on a quantitative study which validated the finding of the qualitative study. As the snowballing technique was used to select the sample, the sample may not be representative of the population. Further, as one respondent always recommended another respondent to be included in the sample, there is some tendency of being biased.

5. Further Research

Studies based on the managerial level officers in the SLAS are valuable but insufficient since administrative service is just a part of the public sector, not the entire government. So, the necessity of further studies arises purposefully, and thus, studies should be expanded towards the school sector, university administration, health sector, local government sector, and other services of the public sector. Applying such a study to the school level may be extremely valuable since being entrepreneurial is much more helpful for school principals and other related administrators. Since school is the place where basic knowledge is given for students who may be the future of the entire society, providing them with something new is much more valuable. In addition to basic subject knowledge, they should be compulsorily enriched with creativity, kindness, discipline, and so forth. To develop such qualities in a very attractive manner, the top layers of the school should be much more knowledgeable on such innovative approaches. Then only it can generate the expected results.
Moreover, it is better if the same study is conducted in the local government sector. The local government is the lowest administrative layer in the country and the closest group to the general public. They frequently communicate with citizens, practically see citizens’ problems, and directly listen to citizens’ complaints and also, they act as a mediator between the central government and the general public. Therefore, how they face various difficult situations, how they solve people’s problems, how they manage functions between government and the public etc. is important. In order to maintain the smooth functioning of the service and for better results, such officials essentially need to be aware of innovativeness and behave in a proactive manner and should take risks in what they do in order to become entrepreneurs. Therefore, entrepreneurship is applicable and important in all areas of the public sector.

References


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