



# Entrepreneurial Management in Government and Business as a Path toward Innovation and Democracy.

## การจัดการอย่างเป็นผู้ประกอบการในภาครัฐและภาคเอกชนกับเส้นทางสู่การพัฒนานวัตกรรมและประชาธิปไตย

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### Abstract

Public and private organizations alike are social institutions under the same economic dynamism and the current of globalization. Public sector has learned how to do things right from private counterpart while business administration is learning how to do right things from public administration. From historical, economic and behavioral perspectives, this paper explores entrepreneurial management enacted in large corporations and in governments worldwide in the context of process, structure, culture and leadership. Its distinctive limitations and possible improvements within both sectors are then examined. The key sustainable success factors found from several theoretical frameworks to this managerial and structural convergence of entrepreneurship in public and private organizations include the similar path of accountability and transparency in their new social architectures.

**Keywords:** Entrepreneurial Spirit, Economic Value, Public Value, Accountability, Transparency, Sustainability, Leadership.

## บทคัดย่อ

องค์การของรัฐและของเอกชนต่างก็เป็นสถาบันทางสังคมภายใต้พลวัตทางเศรษฐกิจและกระแสโลกาภิวัตน์ องค์การในภาครัฐได้เรียนรู้แนวการเพิ่มประสิทธิภาพในการบริหารงานจากองค์การในภาคเอกชน ซึ่งกำลังศึกษาการสร้างประโยชน์เพื่อส่วนรวมจากการบริหารรัฐกิจเช่นเดียวกัน บทความนี้อาศัยการวิเคราะห์เชิงประวัติศาสตร์ เศรษฐศาสตร์ และพฤติกรรมศาสตร์ ทำความเข้าใจกระบวนการ โครงสร้างองค์กร วัฒนธรรม และภาวะผู้นำในการบริหารอย่างเป็นผู้ประกอบการที่ดำรงคงอยู่ในบริษัทขนาดใหญ่และในหน่วยงานต่างๆ ของรัฐบาลทั่วโลก โดยมุ่งตรวจสอบถึงข้อจำกัดของแนวคิดทางทฤษฎีและความเป็นไปได้ที่จะปรับปรุงการปฏิบัติตามรูปแบบของการจัดการอย่างเป็นผู้ประกอบการในภาครัฐและภาคเอกชนจากการทบทวนวรรณกรรมที่หลากหลาย ได้ค้นพบว่า แนวทางร่วมกันในการบริหารงานและการจัดการตามอย่างการเป็นผู้ประกอบการในองค์การของรัฐและของเอกชนนั้นสามารถมุ่งไปสู่เป้าหมายเดียวกันได้ ทั้งนี้ด้วยการวางรูปแบบความสัมพันธ์ทางสังคมใหม่ภายในองค์กรที่มีความพร้อมรับพิชิตขอและมีความโปร่งใสอยู่เสมอ

**คำสำคัญ:** จิตวิญญาณของผู้ประกอบการ มูลค่าทางเศรษฐกิจ คุณค่าเพื่อส่วนรวม  
ความพร้อมรับพิชิตขอ ความโปร่งใส ความยั่งยืน ภาวะผู้นำ

This paper is my comprehensive literature review on entrepreneurial management. I am going to examine three main conceptual skeptics. First, if entrepreneurship can be adapted fruitfully and systematically in large public and private organizations. Second, if the ultimate purpose of public and private organizations may be shared practically. And finally, and most importantly, if this shared purpose will be achieved strategically and operationally by entrepreneurial management. The beginning is devoted to the evolution of entrepreneurship in human history so that the grass root development of entrepreneurship will be understood.

### Understanding enterprise

The enterprising practices were already developed as early as the second millennium BC. Scholars believe that Assyrian and Babylonian

*tamkarum* “merchants” created novel commercial strategies to manage estates and provision the palace and its armed forces. Most enterprising individuals were drawn from the bottom ranks of the social scale. They were able to accumulate fortunes of their own, they aspired to high status and prestige by sinking their money into land and obtaining public office. [Landes et. al., 2010, pages 9-10]. The trade was clearly organized via a great number of large kinship-based groups, called ‘houses,’ as similar to ‘firms.’ These houses ‘venturing’, i.e. all shipments were sent aboard without the sender being guaranteed a certain price for them in advance, far-flung trade with Asia Minor in the nineteenth century BC. The individualistic spirit of Greece and Rome was primarily a military and increasingly oligarchic ethic of status and prestige. It relied on conquest and

moneylending as the main sources of gain, disdaining profit-seeking commerce. [Ibid, pages 30-31]. By the third and fourth centuries AD; all fortunes dependent on loans, notes, mortgages, and such forms of investment were practically wiped out.

Entrepreneurial ventures mainly from commerce are both economic and social driven growth. According to Max Weber's *The Protestant Ethic and the Spirit of Capitalism* (initially published in 1904-5 in German) and Richard Tawney's (1880-1962) *Religion and the Rise of Capitalism* (published in 1926), the precedent change in both religion and social *ethos* itself had been proved to be a socioeconomic revolution in making highly individualistic and intensely competitive capitalist entrepreneurship, successful entrepreneurs, not just socially acceptable, but socially meritorious certainly by the mid-seventeenth century with the establishment of the Church of England. [Ibid, page 136]. This implies whether the supply of entrepreneurship was exogenous culturally. In the opposite, the entrepreneurship responds to incentives and opportunities and is thus endogenous to other factors particularly some social and political institutions. In case of Britain in the eighteenth century, the institutional developments were on the whole more conducive to entrepreneurship than elsewhere. Britain provided opportunities for successful entrepreneurs to have a better chance at reaching financial and social success, and was able to attract a number of highly creative and successful entrepreneurs from abroad to

complement the supply of local talent. [Ibid, pages 183 – 185]. Therefore, the financial and political supporting factors encouraged the growing supply entrepreneurship into the world with the different demands of new economic resources from every land on earth.

However, sustained economic growth proper did not start until the second quarter of the nineteenth century. In Britain, more than anywhere else, technological innovation was mostly confined to the private sector, with the state remaining more in the background than elsewhere in Europe. The high quality of workmanship available to support grand ideas, both local and imported, helped create the Industrial Revolution. The result was, above all, the growth of a small but significant economic elite that carried the Industrial Revolution. [Ibid, pages 186-187].

On one hand, the supply of these entrepreneurs was in part determined by the payoffs to various alternative activities. What is significant in the decades before the Industrial Revolution is the growth of a set of social norms that, beyond the formal 'rule of law' and explicit penalties for opportunistic behavior, made entrepreneurial activities in Britain more attractive. These norms may be called the culture of the gentleman-entrepreneur. The word gentleman has taken on two rather inconsistent meanings. One of them is a member of the landowning gentry, a person of leisure and civic duties, with no mercenary interests, without an occupation, and therefore honorable and believable. It used to be

thought that a ‘gentleman’s mentality’ was anti-entrepreneurial, that economic activities were looked at with disdain and discouraged, that nouveaux riches (the new rich people) were a butt of derision by the real aristocrats. The other meaning at first blush means the reverse. By 1700, the concept of gentility was becoming less one of class than one wealth, acquired by commercial and industrial means as much as form landownership. By the middle of the eighteenth century, before the Industrial Revolution, the idea of a gentleman implies certain behavioral codes that signaled that a person was trustworthy. The economics of the culture of gentleman-entrepreneurs has in the past decade been formalized with ‘social capital,’ the cooperation between two mutually trusting agents produces not only a private good, but also an externality or network effect for the entire population. [Ibid, pages 188-189]. This led entrepreneurship spread out on various informal endeavors in society, and so set entrepreneurial culture even engrained deeper in these private lives.

Britain witnessed an unprecedented blossoming of voluntary organizations, from scientific academies to drinking clubs, which created networks that supported market activity. In addition, recent scholars contend that the British entrepreneurs in this era diversified networks to some noncore ventures and various informal institutions. Businessmen of different religious backgrounds and political convictions were working together in the boardrooms. They had no problem cooperating in developing

local infrastructures, and contributed to charitable works, cultural patronage and voluntary subscriptions. Such social networks were essential if markets were to exist and contracts to be honored. For one thing, it reduced risk. [Ibid, page 191-192].

With stronger establishment of both formal public and private institutions, the pace of the growth of entrepreneurship was rigid and rapid during the eighteenth and the nineteenth centuries. As the nineteenth century progressed, formal law and third-party enforcement slowly but certainly replaced reputation mechanisms and gentlemanly codes of behavior. It was the price of progress. The new industrialists needed to deal with an ever-growing number of people at arm’s length in a market context: suppliers, creditors, subcontractors, employees, customers, and consultants. Access to useful knowledge and best-practice technology became increasingly important, and contracts became more and more complex. [Ibid, page 193].

If the logic of the 1930s had been focused on science-based innovation - to invent new products that would get the economy going again, the logic of the period after World War II was to optimize output from existing plants. Process modification were required to meet unforeseen levels of demand and to bring costs down, especially in consumer goods, and product invention took a back seat to process development. Exceptions in the civilian economy were for products that were funded by government programs aimed at improving living standards for, and the productivity of, returning

servicemen. For two decades (1950-70) 70 percent of the U.S. workforce was employed by large enterprises serving the relatively predictable needs of other large corporations and the mass consumers. When so much existed for existing products, there was no risk-averse condition to invest new ones, an irrational phenomenon known as self-obsolescence. However, the market for innovation was inexhaustible for federal government and especially military. The co-evolution of administrative government, university and private industry during World War II came together through a newly funded system of organized intermediaries in peacetime. [Ibid, pages 412-413]. In the context of continuous defense preparedness and the rapidly expanding federal government of the Cold War, the nature of government procurement created narrower, more technology-focused opportunities for individuals and corporate entrepreneurship than had in the earlier part of the century. Among the designated technologies, computers and computer-based technologies, collectively known as information technology, extended across all boundaries. While early uses of computers were primarily for missile development, within a decade computer technology had found broader and more mundane uses, filling data centers in government bureaus and large enterprises alike, as well as providing automated controls for manufacturing processes. This ultimately led to a vast web of technologies, systems, and practices as called systematic management that had developed in the first

half of the twentieth century. [Ibid, page 415].

Peter F. Drucker declared in *Innovation and Entrepreneurship* (first published in 1985) that “Management is the new technology that is making the American economy into an entrepreneurial economy.” [Drucker, 1993, page 17]. He contended that roots of the practice of management line in the time around World War I. By late 1930s, there were a few major enterprises around – at the time mostly businesses – that practices management in the U.S. But the management as a discipline originated during and right after World War II. Beginning around 1955, the entire developed world experienced a management boom. The social technology we call management was first presented to the general public some forty years ago, and then rapidly became a discipline with every single developed nation becoming a society of organizations. The emergence of the entrepreneurial economy worldwide is as much a cultural and psychological as it is an economic or technological event. Yet whatever the causes, the effects are above all economic ones. He further argued that the vehicle of this profound change in attitudes, values, and above all in behavior is a technology. [Ibid, pages 14-15].

Innovation, to Drucker, is “the specific tool of entrepreneurs, the means by which they exploit change as an organization for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for

the sources of innovation, the changes and their symptoms that include opportunities for successful innovation. And they need to know and to apply the principles of successful innovation.” [Ibid, page 19]. Founding entrepreneurs in the first place systemize the technical information to increase performance and later systemize the process for speed and standard. [Ibid, page 22].

With the assertion that innovation, indeed, creates a resource, Drucker referred to Joseph Schumpeter’s *The Theory of Economic Dynamics* (published in 1911) and supported the notion that dynamic disequilibrium brought on by the innovating entrepreneur, rather than equilibrium and optimization, is the ‘norm’ of a healthy economy and the central reality for economic theory and economic practice. [Ibid, pages 30, 27]. In this regard, he strongly argued that entrepreneurship was considerably less risky than optimization and that nothing could be risky as optimizing resources in areas where the proper and profitable course is innovation that is where the opportunities for innovation already exist. To him, “entrepreneurship is ‘risky’ mainly because so few of the so-called entrepreneurs know what they are doing.” “They lack the methodology. They violate elementary and well-known rules. It does indeed, however, to be systematic. It needs to be managed. Above all, it needs to be based on purposeful innovation.” [Ibid, pages 28-29].

In practice, Drucker proposed, “the entrepreneurial requires different management from the existing. But like the existing it requires

systematic, organized, purposeful management. And while the ground rules are the same for every entrepreneurial organization, the existing business, the public-service institution, and the new venture present different challenges, have different problems, and have to guard against different degenerative tendencies. There is need also for individual entrepreneurs to face up to decisions regarding their own roles and their own commitments.” [Ibid, page 141].

Just as entrepreneurship requires entrepreneurial management, that is, practices and policies within the enterprise, so it requires practices and policies outside, in the marketplace. It requires entrepreneurial strategies. [Ibid, page 206]. Regardless of what entrepreneurial organizations are, Drucker pointed out four core entrepreneurial strategies as:

- Being fustest with the mostest;
- Hitting them where they ain’t;
- Finding and occupying a specialized “ecology niche”; and
- Changing the economic characteristics of a product, a market, or an industry.

He further guided that one and the same entrepreneurs often combined, sometimes even elements of three, in one strategy. They are also always sharply differentiated. Each fits certain kinds of innovation and does not fit others. Each requires specific behavior on the part of entrepreneur. Finally, each has its own limitations and carries its own risks. [Ibid, page 209].

Entrepreneurship is not only an affair of small incubated enterprise but it also is an

affluence of larger and more complex business organization. This notion is supported by Kumar and Haran (2006, pages 1-3) as: in medium and large organizations, entrepreneurial style and practice get reflected in organizational structure, decision-making process, and management. Small business entrepreneurs find economic values in existing or newly explored sources. With limited resources they seek to innovate and to survive in marketplace and sooner or later in competition. Entrepreneurs of larger businesses have to prioritize their strategic resources to maintain market share and position. Although the resources are literally not limited, their strategic position and some strong rivalries restrict the way the large firm exploits them. In other words, large corporation needs to innovate relentlessly to left up profitability rate so fast that it covers up a greater rate of financial obligations. “No longer does company size mater; being resource rich is hardly a guarantee of marketplace performance.” [Morris et. al., 2008, page 7.] Hence, the intrapreneurship with a high contribution of personal efforts and individual initiatives is an essence in managing strategies and operations of any larger businesses.

Both small and larger business companies require entrepreneurial spirit cultivated among their managers and all employees. Entrepreneurial spirit is far from those of bossy characters or those living luxuriously with lots of slave labor. Instead entrepreneurial spirit is within a person’s **courageous heart** in doing all good deeds, never giving up easily, relentless

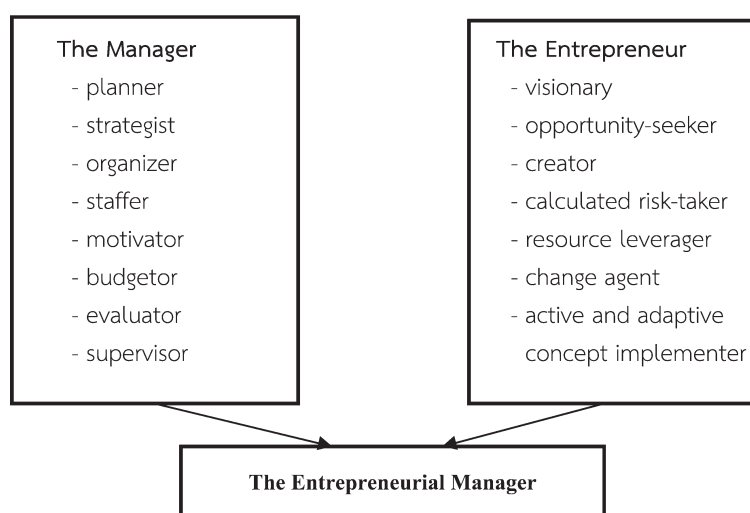
without an utter of complaining; **honesty soul** in every accountable act personally and socially [Winaicharn Sapparojapattana, 2007, page 30.]; and **open mind** for life-long learning and all criticisms for continuous improvement. Entrepreneurs live and act purposefully. They do not like risk but learn to go through unavoidable risk. To do something new, entrepreneurs cannot run away from **uncertainties** and so have to **innovate** for **new economic and social value**: new products, new markets and new resources. “Entrepreneurship is the process of creating value by bringing together a unique combination of resources to exploit opportunities,” (Joarillo-Mossi (1986) in Morris et. al., 2008, page 10.) rather than only defending against threats. Kao et. al. (2006, page 22) supported to notion of entrepreneurship as a process. According to them, “entrepreneurship is the process of doing something new (creative) and/or something different (innovative) for the purpose of creating wealth for the individual and adding value to society. The world, without entrepreneurs, could be different today.

### Corporate entrepreneurship

In the twenty-first century corporate entrepreneurship has increasingly been recognized as a legitimate path to high levels of organizational performance. As Morris et. al. contended, this is because “companies are experiencing a general lack of long-run control over their external environment.” Continuous innovation and an ability to continuously redefine the competitive marketplace are among personal

skills and corporate capabilities that enhance higher economic performance and achieve sustainable competitive advantage. Such competitive edge must derive from the five core capabilities: adaptability, flexibility, speed, proactiveness, and innovativeness. These five company capabilities come down to one – entrepreneurship. (Ibid, page 6-9.)

Morris et. al. further identified the distinct functions between entrepreneurship and management. For them, “management is the process of setting objectives and coordinating resources, including people, in order to attain those objectives.” [Ibid, page 12]. The figure below compares managers and entrepreneurs and combines them into the so-called entrepreneurial manager.



Source: Morris et. al. (2008), page 13.

**Figure 1:** Comparing and Combining Key Roles of Managers and Entrepreneurs

Here, a manager seeks, arranges and controls the utilization of economic resources: land, labor, capital, entrepreneurship and information, so that profitability can be achieved while an entrepreneur strives for new opportunities and creates new economic values out of all existing resources and processes so that profitability can be grown and sustained. There are several aspects of the practices of entrepreneurship as: process and control, structure and culture, and innovation and leadership.

### Process and control

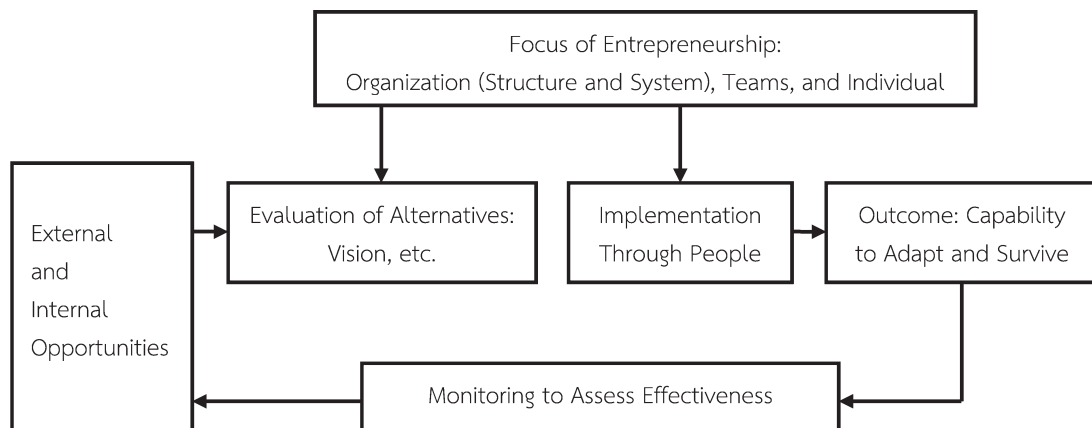
Entrepreneurship involves six stages (adapted from ibid, pages 30-32) as: identifying opportunity, defining business creativity, assessing resource requirements, acquiring necessary resources and capabilities, developing and managing innovation and re-assess the market-place. Entrepreneurship; therefore, is a process that persistently creates new economic values from external business environment and with flexible internal capabilities. From scope of



entrepreneurship as a process, it is clear that changes, externally and internally, are inevitable. Further, the changes are both path and goal in themselves. Entrepreneurial manager who is the person who is to identify those ways of changes and to pursue how they could be advantageous and sustained as results.

Kumar and Haran contends that ‘creating

an entrepreneurial organization will not only require a focus on managing change with an understanding of the future, but also the process of empowering people in managing such change.’ The entrepreneurship can be organized into systematic activities within a large company as modeled below. (Kumar and Haran, 2006, pages 56-57).



Source: Kumar and Haran, 2006, page 57.

**Figure 2:** Model of Corporate Entrepreneurism

Without empowerments in the process, new opportunities cannot be naturally and collectively seized against speed of changing circumstances. A powerful and influential implantation of strategy will be willingly driven because the owner-like empowerment and decision-making in the tandem of the achievement of ‘creating something new’. (Kumar and Haran, 2006, pages 31-33 & Morris et. al., 2008, pages 235-236.) In addition, corporate entrepreneurs must have a ‘sense of internal locus of control, emphasizing the belief in control over destiny.’ (Burns, 2008, page 92). The process of entrepreneurship gives direction and

empowerment whilst still maintaining control. To drive competitive growth, the organization must become more formal but must avoid becoming too bureaucratic. (Burns, 2008, page 58.) Long-term performance goal is empirically proved to be increased within the entrepreneurial organizations. (Kumar and Haran, 2006, pages 31-33.)

### Structure and culture

Morris et. al. (2008) and Burns (2008) characterizes the entrepreneurial structure to include:

- Organic/flexible, few layers, broader spans of control;

- simplicity and smallness, pseudo-autonomous units with empowered team;
- cross-functional interaction and co-operation at all levels;
- loose, informal controls with an emphasis on team-working atmosphere;
- dependent/ independent networks and socially embedded structure.

With larger and expanded structure of large organization, the culture of entrepreneurship is as crucial as that of structure. As Kumar and Karan (2006) asserted that corporate entrepreneurship is of positive mindset that enriches the way of managing and leading enterprise. They further argue that an organization creates **an environment** in which all its members attach themselves to it like its owner and contribute to the entrepreneurial functions. Their entrepreneurial activity is judged from innovation, creativity, risk taking, and project management approach. (Kumar and Karan, 2006, page 11.) “An entrepreneurial organization is an empowered **learning organization**.” (Burns, 2008, page 92.) For large organizations to flourish, entrepreneurial workers must be encouraged to expand **the spirit of corporate entrepreneurship**. (Kumar and Haran, 2006, page 24.)

Schien (2010, page 385) argued that “in the learning organization, everyone have to learn how to learn.” In his words (Ibid, page 368):

“A learning culture must contain the shared assumption that solutions to problems derive from a deep belief in inquiry and a pragmatic search for truth. The inquiry process itself must

be flexible and reflect the nature of the environmental changes encountered. What must be avoided in the learning culture is the automatic assumption that wisdom and truth reside in any one source or method.”

According to Schien (1995, pages 12-15), there are eight elements of learning culture that must be shared mentally within organization as:

- 1) Equal concern for all stakeholders;
- 2) A belief that people can and will learn and that learning and change are valued in its own right;
- 3) Empower people and make them believe they can change their environment;
- 4) Avail time for generative learning;
- 5) Enough diversity in the people;
- 6) A shared commitment to open and extensive communication;
- 7) A shared commitment to learning to think systematically;
- 8) Shared beliefs that teams can and will work.

Also there are eight conditions of learning (Ibid, pages 6-9) as to reduce learning anxiety among people in organization as:

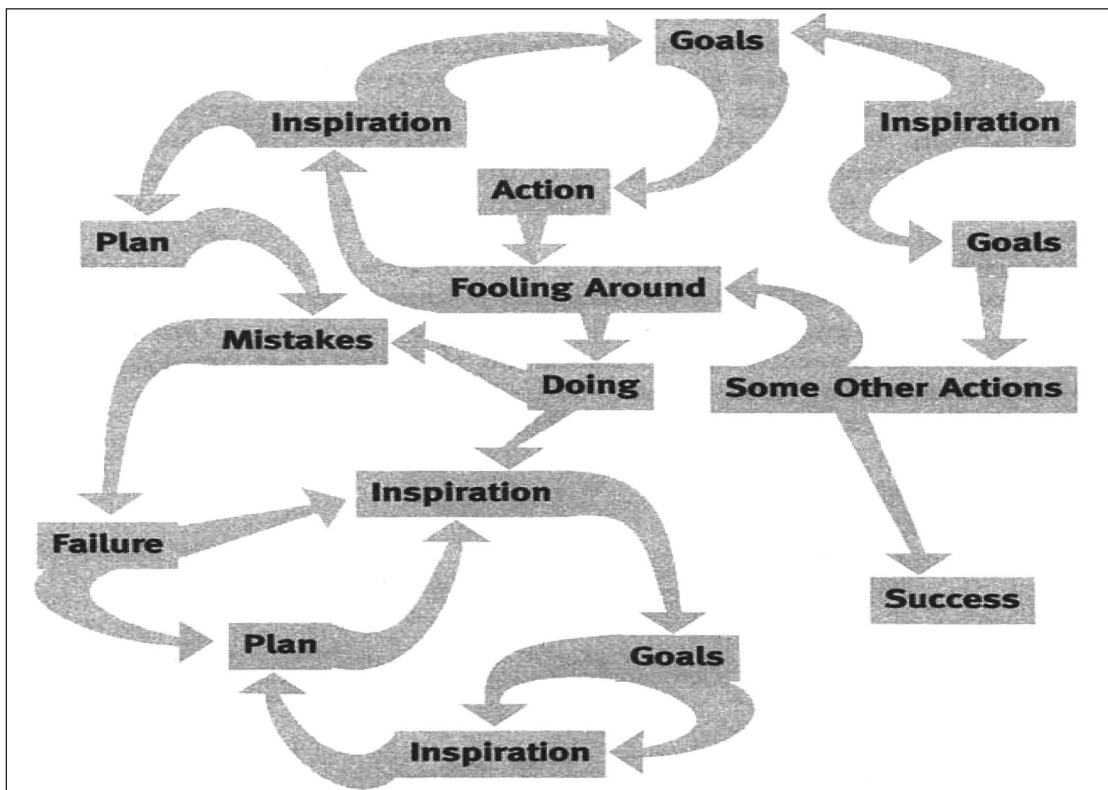
- 1) Psychological safety;
- 2) A vision of better future;
- 3) A practice field to learn from mistakes;
- 4) Some sense of direction;
- 5) Group learning process;
- 6) Coaching and help;
- 7) Reward even the smallest steps in learning;
- 8) Embrace errors.

Here Burns (2008, pages 123-124) describe entrepreneurial culture in organizations with the follow characteristics: people and empowerment; focus; commitment and personal responsibility; ‘doing the right thing’; value creation through innovation and change; hands-on management; freedom to grow and to fail; attention to basics; and emphasis on the future and a sense of urgency.

### Innovation and leadership

Entrepreneurs bring life to innovation. Pinchot and Pellman (1999, pages 11-14) offers that the big gap in the innovation process is the systematic capability to transform ideas

rapidly and cost-effectively. In larger organization, this requires entrepreneurs to convert concept into reality. Leader plays an essential role in developing intrapreneurship and so enhancing innovation by collective efforts from all levels. Further, creating environment for intrapreneurship and learning cultures requires great skill in leading change. Kumar and Haran (2006, page 58) argues that ‘entrepreneurial leadership requires the ability to make changes all the times to see an opportunity; identify the change that is required, take risks yourself, and get other people to take risks and move in the same direction.’ Without leaders, people cannot perpetually be inspired to innovate.



McGrath and MacMillan (2000, pages 323-330) outlines vital responsibilities of entrepreneurial leadership so that a continual search for new opportunities and a continual letting go of less productive activities as:

- Framing organizational challenges to be overcome;
- Absorbing uncertainty by circumscribing some perceived risks;
- Defining gravity from unsought opportunities where others see as barriers;
- Path clearing by properly allocating strategic resources;
- Underwriting innovation so as to ensure customer value and supplier relationship.

Morris et. al. (2008, 302-320) proposes that entrepreneurial behavior by managers and non-managerial employees at all levels of larger organization is a function of the value each and every one places the entrepreneurial activities and the perceived context of the entrepreneurial organization. They identify entrepreneurial roles of leaders at various levels as:

Strategic managers must balance the needs of current business with the needs of future business;

Executive managers must seek and develop the utilization of resources to pursue entrepreneurial opportunities;

Operational managers and non-managerial personnel must continuously recognize and engage in the transformational work of the organization.

## Entrepreneurial Government

Osborne and Gaebler (1993, xix-xxi) goes along with Drucker's notion that the entrepreneurial organizations require systematic, organized, purposeful management and asserts further that the entrepreneurial model of government is referred to as public sector institutions that habitually use their resources in new ways to heighten both efficiency and their effectiveness. They argued that the primal cause of failed government is of means, not ends. For them, bureaucratic institutions are out-dated and hardly adaptable to today rapidly changing environments, with customers who want quality and choice. (Osborne and Gaebler, 1993, pages 14-16). However, an environment in which risks and rewards to public employees is very differently than to private employees. To reduce waste in government bureaucracy is neither to raise taxes nor to cut spending but it is, instead, to change the basic incentives that drive the administrative agencies. He asserted that "we must turn bureaucratic institutions into entrepreneurial institutions, ready to kill off obsolete initiatives, willing to do more with less, eager to absorb new ideas." (Ibid, pages 16-13). According to Osborne and Gaebler (1993), entrepreneurial spirit may transform the public sector by steering, empowering, developing competitiveness and decentralizing public service deliveries. The ultimate result of such entrepreneurial government will be the organization that is cultural-driven, market-focused, performance-based, change-friendly and profit-centered.

This fundamental conception of entrepreneurial government had been carried out into one of the major U.S. government's systematic reform during Clinton Administration. Under the primal assumption that "Washington is filled with organizations designed for an environment that no longer exists – bureaucracies so big and wasteful they can no longer serve the American people," the reinventing U.S. federal and local governments embarked in 1993 commits four changes in administrative organizations for the long-term endeavor [Gore, 1993, pages xxiii-xliv] as:

- Cutting red tape;
- Putting customer first;
- Empowering employees to get results; and
- Producing better government for less.

Later Osborne co-authored with Plastrick (1997) *Banishing Bureaucracy* that revised various lessons learned from inventing experiences of American local and federal agencies and cases of British, Australian, New Zealander and Canadian governments. They discussed some analogies resulted from Thatcher's Administration in choosing significant three change targets as (Osborne and Plastrick, 1997, pages 27-36) as:

- Uncoupling rowing organizations from steering organizations, so each could focus on its primary mission;
- Giving rowing organizations control over most of their own decisions, so they could make the changes necessary to improve their operations; and

- Creating consequences for their performance, so they would have incentives to improve.

This implies that the public sector system, which is geared for more efficient and effective, needs to be reinvented fundamentally at national, state, provincial and local levels. "Because these are the levers that change the framework within which organizations and people work." (Ibid, page 37). Accordingly, they contended that five administrative system components: purpose; incentives; accountability; power; and culture, must be transformed by five respective strategies: core strategy; consequence strategy; customer strategy; control strategy; and culture strategy. In practice, they argued, these multiple strategies were often joined so as to yield maximum leverage power. Moreover, there are four basic types of public organizations: policy, regulatory, service and compliance. But the differences in reinventing these organizations are only the matters of tactics, the coherent strategy can narrow any isolated innovations in the reformed system. (Ibid, page 38-48)

It is clearly observed that public service organizations which had internalized entrepreneurial management aim at turning around administrative system by re-configuring formal and informal relationship within as well as outside its day-to-day circumstances to extended stakeholders, more particularly to its clientele. Still theoretical and practical critiques have recently more concerned about its purpose,

strategy and control. And the discrepancies between private-sector and public-sector values hinder democratic accountability that may be disregarded by the entrepreneurial management.

The newly reformed management system decentralizes decisions and responsiveness for the changing markets. Nonetheless, the public entrepreneurial organizations hold even more firmly on performance measures of all public managers and officials. (Pollitt, 1993, 130-134). Pollitt and a growing number of scholars [as referred in Hodges, ed. (2005) and Peters & Savoie, Eds. (2000)] are skeptical about neo-Taylorism constructed in the entrepreneurial government system for its 'generic' approach. Pollitt [ibid, pages 111 – 146] described four critical variants in this Managerialism as:

- Coherence: Performance and fairness were not necessarily complement.
- Realism: Accountability was in conflicts with multiple goals and market relationships.
- Politics: Outsourcing activities, privatization and professional consultants were tied to political groups inside the governments.
- Value: Managerialism was rooted by efficiency and individualism, the values that underpin entrepreneurship and its innovation.

ollitt; therefore, sought out solutions and found more wider values than neo-Taylorism criticized above in Public-Service Orientation (PSO) approach. This theoretical package includes: collective choice in the polity, need for resources, openness for public action, the

equity of need, the search for justice, citizenship, collective action as the instrument of the polity and voice as the condition. (Ibid, page 155).

In same token, Denhardt and Denhardt (2007, pages 25-43) outlined the conceptual tenets of the New Public Service from four core Public Administration ideals of democratic citizenship, civil society, organizational humanism and postmodernism. The New Public Service framework covers the following ideas as:

- 1) Serve citizens, not customers.
- 2) Seek the public interest.
- 3) Value citizenship over entrepreneurship.
- 4) Think strategically, act democratically.
- 5) Recognize that accountability isn't simple.
- 6) Serve rather than steer.
- 7) Value people, not just productivity.

Here we may notice that Osborne & Plastrik, Pollitt and Dehardt & Denhardt agreed upon more strategic perspectives of public administration. Still they differently focused on system and process, values and culture, and citizens and governance. It is worth now to examine the strongly emerged idea of strategic management in government for some missing links so that these differences can be refined integrally.

According to More (1995, pages 18-23), public operatives must act upon two challenges at the same time. They must become strategists rather than technicians by looking *out* the value of what they are producing as well as *down* to the effectiveness of deploying resources. Public service-minded bureaucrats should understand political manifestos of the

democratically elected executives and, at the same time, seek opportunities to redefine and create public value of fellow citizens. Strategic management in public is; therefore, constrained politically, legislatively and financially. (Lane and Wallis, 2009, pages 103-105). Moreover, strategic management in public and private sectors deems the distinctive value of service due to a fundamental lack in public service of a demand revelation mechanism. It is the outcome measures and their interpretation that should guide strategic management in the public sector. Only then it can tell what the citizen and other people really get in terms of utility from the operation of the public services. (Ibid, page 106). Along with strategic management, control system is inevitable. In order to ensure the satisfaction of citizen's needs and the creation of the meaningful public value, public sector organizations have to implement a management control system which enables them to achieve the organizational goals and outcomes. In turn, this requires coherence along the decision making process based on institutional, political and corporate relationship, which set forth in corporate planning related to the government program. (Spano, 2009, pages 340-345).

Nonetheless, such a control system of delivering public services which themselves require a lot of people working somehow contracted to contribute to the output a daily basis. And so teamwork and team leadership in public services are the utmost demands. The governance of the teams involves a number

of tasks, which the leaders should provide along other things as: shared information, public preferences, organizational values, and tough decisions making. (Lane and Wallis, *ibid*, pages 106-108). Public managers are eventually accountable to the best interest of the democratic legislators and the citizens they represented.

The questions about public accountability in public sector, though, elicit from the entrepreneur-like style and system of government. (Cooper et al., 2008, and Diller, 2000). Welfare Administration and various local governments call for public participation and fair treatment from wider opportunities of public input rather than merely the achievements of particular outcomes. Public Managers shall include a broader base of individuals and points of view in the management process through direct participation, greater representation, and the consideration of alternative sources of information. A more inclusive management process means more democratic values closer aligned to the needs of the citizens. [Feldman and Khademian, 2001]. The truly collaborative model of public management requires facilitating rules, process and leadership. (Diller, 2000, and Feldman & Khademian, *ibid* ,2001).

Public, according to Frederickson (1997, pages 52-53), is not the same as government – that it is indeed every much more than government. “The public lives independently of government, and government is only one of its manifestations. ... Elections, legislative decisions, executive policy implementations, court decisions,

and the continual pattern of interaction between public officials and the public are all expressions of public preferences. We must nurture and protect these forms of interaction to come as close as possible to an evolving creation of the public, an evolving definition of the public will, and evolving spirit of public administration.”

### **A Shred Path of Innovation and Democracy**

Both private and public organizations need survivals of their systems where their members live. However, there are warnings of our economic risks in 1997 and once again in 2007 that are accustomed to our own social imbalance – consumerism. It is a (big) question about the relationship between consumer choices and their impacts. Business people are interested in understanding consumer’s decision making and the relevant uncertain factors affecting such decisions. (Besanko et al., 2007, page 2). Business and individual use everything that can be produced. And we produced from almost all resources in the environment. Actually the individual demand of more and more food and the business demand of higher-ever returns on investment have never sufficient. Borrowings, replacing savings, are always foremost sources growing businesses. Fierce competitions and changing customer choices are argued to the triggers of the fast-pace growth beyond owner presently held equity. Their purpose of maximization must be replaced with a creation of social and economic balance for their fellow citizens.

At the same time, government has a dilemma: to create economic growth or to ensure social equality. (Sapparojpattana and Kangsawad, 2010). Economic engines require creating business-friendly and investment-supporting policies with diminishing roles of government in economic enterprises while it is the prime purpose of the government to create better public services to achieve sustained public value. On the other hand, fair distribution of living resources and human security must be assured. In this case, government must be administered much more efficiently and even more transparent. Under globalization and big-business dominated economy, Thai government must co-opt with large companies and, at the same time, collaborate with all citizens. In public organization, the purpose of a creation of social and economic balance for their fellow citizens must be strategically efficient and democratically administered.

With a holistic perspective which, I may argue, it is urgently required for businessmen as well as for government in sharing and co-operating this purpose so as to bring about sustainability to their organizations, economy, society and nature. They simply take more accountable and more transparent ways of running their organizations. The business organization must be accountable to the impacts of business operations to the long-term economic stability, not only short-sighted profit. They must also take into account of social order from fair and just commercial practices. And finally their practices should be scrutinized



with reasonable measures by the public. The public organization must be accountable to better quality of services with flexible and economical implementation of public policies.

How long does it refer to as sustainable? A survey by MIT Sloan Management and Boston Consulting Group find that ‘it is easy to assert that sustainability is about taking a long-term view’ and that ‘the first challenge is forecasting and planning beyond the one-to-five-year time horizon typical of most investment frameworks.’ (Berns et al, 2009, page 25). The traditional economic approaches are therefore obsolete for managing sustainability.

Within the context of capitalistic economy, Hart (2007) a business firm should become indigenous, not alien, more to its fringe stakeholders and their local knowledge. In particular, the enterprise must go beyond green, i.e. the base of Pyramid and clean technology, by ‘boarding the corporate bandwidth’ and co-develop native capabilities. (Hart, 2007, page 21-23). Because major realistic obstacles of sustainability ahead all of us, including that of the economic entities, are pollution, depletion and poverty. The business opportunity is to create more sustainable environment, economic and social impacts onto the marketplace. [Hart, 2007, and Nidumolu et al, 2009]. Sustainability, as an ultimate purpose of business, can change existing paradigms and so lead to viable next-practice platforms. [Nidumolu et al, 2009, pages 8 – 9].

Within the context of democracy, individual citizens have rights protected, and must be

allowed to the highest possible choice in the public service they use, and that choice will act as the lever to maintaining and improving public service quality and efficiency. (Walsh, 1995, pages xiii-xv). By linking individual performance, agency accomplishments and social goals, the government can create public value and innovate for larger public interests. By collaboration and participation from all citizens, the government can ensure equality and transparency.

The shared purpose of private and public organization of creating social and economic balance for their fellow citizens is practically pursued by His Majesty King Bhumibol Adulyadej’s Philosophical Model of Sufficiency Economy.

Sufficiency here is characterized with combination of dynamic optimum, reasonableness and self-immunity, or the Middle Path in short. (National Board of Economic and Social Development, [www.sufficiencyeconomy.org](http://www.sufficiencyeconomy.org)). Organization and its people should consume, operate and invest moderately. The degree of moderation is not universal, rather it is dynamic, and depends largely on its size, change and urgency of circumstances. The execution capabilities (Lubin and Esty, 2010) of an organization determine how much or less to invest or which source of capital. Next, reasonableness implies that the firm’s decision should take into account of all-round cause-effects, information and their expected consequences. The final aspect of the middle path is a well-developed immunity from external risks and internal dynamics in

the future under the present conditions of bounded rationality (Simon, 1997) and inactive set of knowledge. The consolidated middle

path of business management is built on the foundation of two intangible resources as: active set of knowledge and ethical qualifications.



Figure 4: King Bhumibol Adulyadej's Sufficiency Economy

First, on-going accumulated stock of knowledge regarding technical know-hows, successful stories, failure lessons, customer survey, process improvements, etc. must be thoroughly connected and mined organization-wide with careful and accountable utilizations. Only this way, the organized base of knowledge can be activated. Last but not the least; the mentally and behaviorally sound conducts must be undertaken as a desired organizational norm. All deeds within the firm must be valued, recognized and rewarded from the basis of the wholeness of organizational and social orders.

In sum, the adoption of Sufficiency Economy requires the commitment and the perseverance

from all stakeholders – major and minor; direct and indirect. Labin and Esty (2010) further improve the execution part out of the five-stage process of sustainability for an innovation (Nidumolu et al, 2009). They calls for establishing and integrating the “execution capabilities” in five areas: evaluating leadership, systemizing methods and models, aligning strategy and deployment, integrating management and systemizing reporting and communication. With these capabilities as tools, economic organizations aiming at the living balance, and economic, social and environmental sustainability must be well prosper along into Sufficiency Economy of the more pleasant and secured future.

With the reality of economic and environmental uncertainty, the profit-driven organizations must swift their purpose, strategy and operations onto the long-term social accountable and transparent behaviors. All economic and financial activities should be more responsive to changing customer choice and more capable of executing the sustainability imperative. On the other hand, public managers shall include a broader base of individuals and points of view in the management process through direct participation, greater representation, and the consideration of alternative sources of information. A more inclusive management process means more democratic values closer aligned to the needs of the citizens. (Feldman and Khademian, 2001). The truly collaborative model of public management requires facilitating rules, process and leadership. (Diller, 2000, and Feldman & Khademian, *ibid*, 2001).

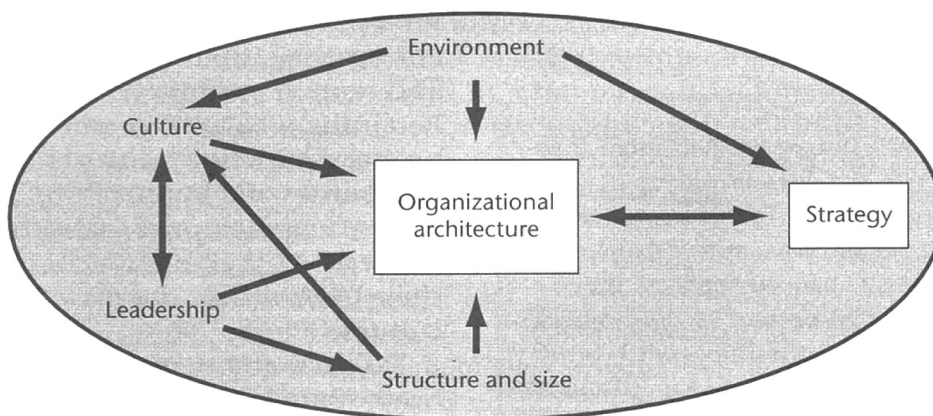
With Sufficiency Economy Model, private and public organizations will find sustainability an attainable goal. They may harmoniously live together and with nature. They may co-operate and co-invest with all stakeholders in enhancing a balanced society. They may connect what they have learned morally to reduce environmental pollution, nature deployment and

bottom-of-pyramid poverty.

And only with Sufficiency Economy Model, the bridge from public and private sectors is established. More public accountability powered by collaborative public management can ensure citizen inputs in the policy, implementation, and evaluation process with fair treatment and equal opportunities as outcomes, which may be passed on to our new generations.

### **Social architectures in organization**

I am so far proposing the actualization of the betterment of society from merging the ultimate reasons to survive of private and public organizations into a shared purpose of creating of social and economic balance for their all citizens which are clients to both organizations. And it is possible through the practical lens of the Philosophy of Sufficiency Economy. My final argument left is to outline a new social architectural framework of managing complex organizations: in this case corporation and government. Such an organizational architecture is derived from the notions of learning organization culture and systematic entrepreneurship as elaborated earlier. The influences on this managerial locus are levered within and outside the organization as shown in figure 5:



Source: Burns, 2008, page 74.

**Figure 5:** General influences on organizational architecture

New social architecture for sustainable organizations must be committed and developed transformation leaders at strategic level, the entrepreneurial managers whose vision is clearly communicated to all level in the organization. The new social architecture is inclusive for all stakeholders, responsive to their sustainable living and open to their scrutiny at any time. I leave the four interrelated configuration of the new social architecture in public or private organization for further research as:

- 1) Entrepreneurial culture: people at all levels in organization must share entrepreneurial spirit and prepare for changes;
- 2) Collaborative management: decisions must be made upon consent of some sort of team-working arrangement from all various stakeholders as possible. The consequent actions and results shall be accountable altogether;
- 3) Transformative leadership: strategic leader must commit to innovate and to support all innovative act. Organization should develop succeeding strategic leaders;

- 4) Democratic governance: information regarding changes and their effects must be readily accessed. Open and two-way communication must be practiced.

## Conclusion

Entrepreneurship has just been clearly conceptualized and evident to be adapted systematically in large public and private organizations worldwide. Yet the net advantages of the entrepreneurial management are subject to future accumulated experiences. Nonetheless, it is essentially practical that public and private organizations share the ultimate purpose of existence in creating sustainability for themselves and their service users, i.e. the fellow citizens. And more importantly, such a shared purpose can be achieved strategically and operationally configured with a new social architecture, which is extended from the entrepreneurial management, in democratic world.

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