Theorizing public entrepreneurs: women and men of innovative action

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Introduction

A core question of spatial economic development concerns the reasons why some regions are successful whereas others lag behind. A related problem and one of the departure points of this study concerns the regional disparities in terms of economic development faced by peripheral areas vis-à-vis large urban centers. A broadly accepted explanatory factor is the superior access of the urban population to different kinds of capital (financial, physical, human, and social) compared to rural inhabitants (Wiggins and Proctor, 2001). Conceptual frameworks juxtaposing the degree of regional development between core (a relatively wealthy area) and periphery (a relatively disadvantaged zone) have been in the forefront of regional policy analysis since the 1960s (Gren, 2003).

Economic development, as theorized by Schumpeter, is driven (in waves) by entrepreneurship in periods of discontinuity to higher levels of prosperity and welfare. Schumpeter defines ‘development’ as the carrying out of new combinations and ‘entrepreneurs’ as the individuals whose role is to carry out these new combinations. Development, in fact, equals entrepreneurship. The concept of entrepreneurship in all its forms, be it political, economic or social,
is considered a most salient factor for the kind of society people want to live in today (Becker, Knudsen, and Swedberg, 2011).

However, in conventional concepts of peripheral disadvantage, which are underscored by the concept of penalties imposed by distance from a given urban area or industrial center, a lack of entrepreneurship is observed in peripheral areas (Copus, 2001). This is a problem contingent on causal issues, which are fundamental elements of peripherality based on the concept of distance. Copus identifies three such broad groups of elements comprising peripheral disadvantage: causal, contingent, and associated. Causal elements include de facto increased travel and transportation costs resulting from remoteness as well as the absence of agglomerative activity. Contingent elements, which are based on the causal ones, include high costs of service provision and low rates of entrepreneurship and innovation. Associated elements, though hard sometimes to differentiate from the contingent ones, include sparsity of population, weak influence in governmental affairs, a poorly developed R&D sector and a poor local and inter-regional infrastructure (2001). Contingent effects do not have the power to cause change, but instead they comprise the context which can effect if or how the causal elements will act (1989). A higher level of regional development is the ultimate goal of European cohesion policy and economic policy elsewhere.

Even though considerable attention has been paid to private entrepreneurship, the literature on innovation, entrepreneurship and risk taking in the public sector is rather limited (Harris and Kinney, 2004). This study seeks to add to this literature, with a focus on entrepreneurship in the local governments of peripheral areas. The argument posited is structured as follows: it is indeed a fact, that there are disparities in regional development. Entrepreneurship that is, private entrepreneurship, leads to economic development through the application of new combinations called innovations. Entrepreneurs, however, are found in all sectors of the society, including politics (Shumpeter, 1911/2011). Political entrepreneurs are a catalatic factor in the making of innovative policies which can lead to regional development. Therefore, the presence and action of political
entrepreneurs in a community creates the agency required to bring about policy change and regional development. This is a two-step argument. First it must be shown that there are interaction effects between political entrepreneurs and innovative policies, which are policies that are new to the given community. Then it has to be shown that interaction effects exist between innovative policies and regional development. According to Grimm (2006), “[p]olicies matter to induce regional economic growth as long as institutions and policy makers interfere with policies to shape the market economy” (p.124).

Harris and Kinney recognize that policy making innovation must take into account the role and the abilities of individual policy entrepreneurs. Broadly speaking, policy entrepreneurs are actors who recast issues and their solutions and develop arguments in order to create policy change (Mintrom, 1997). Mintrom and Norman (2009) note that the role of the entrepreneurs in policy making process has not been fully explored.

That is not to say that the subject has been neglected in political science. The body of literature on public entrepreneurship in political science, political economy, and public administration has been steadily augmenting. The term entered the political realm with a passing mention is 1961 Dahl’s Who governs? (2005), followed by mentions in Olson (1965) and Wagner (1966). Salisbury (1969) and Frohlich, Norman, and Oppenheimer (1971) take up the term more comprehensively conflating the public entrepreneur with the concept of the leader.

Until the seminal work by Schneider, Teske, and Mintrom (1995), no substantive theoretical framework existed regarding the political entrepreneur. The theoretical framework around political entrepreneurship will be investigated in detail later in this document; however a few preliminary propositions are necessary. First, it is very important to have in mind that this is not a normative discussion; rather, it is value-free: the political entrepreneur is motivated by the promotion of self interest, the desire to affect the shape of public policy, or because they simply “like the game” (Kingdon, 2003, p. 124). Second, public entrepreneurship takes place in the public sector. This sector
should be viewed as a polycentric system, one where a multitude of elements is capable of adjusting mutual relationships and within a certain set of rules, many actors can take part in a decision-making structure (Blomquist and Parks, 1999; Ostrom, 1999). Third, a public entrepreneur is not a prodigy or a person of special pedigree, but an ordinary individual working for the public sector or is a member of an interest group or a grass roots organization (Schneider, Teske and Mintrom, 1995) who proposes ideas, recognizes opportunities, is focused on problem solving and carries the burden of organizing a coalition for the promotion of a policy or the provision of public good (Oakerson and Parks, 1999; Ostrom, 2005; Roberts and King, 1991). Public entrepreneurs can also be seen as advocating for proposals or for the prevalence of an idea be found in any level of government: intergovernmental, national, state, and local (Harris and Kinney, 2004; Kingdon, 2003; Lewis, 1980; Loomis 1988; Perkmann, 2006)

The theory on public entrepreneurship has evolved in two trajectories, not altogether distinct from each other. The first relates public entrepreneurship to the provision of public goods. In a market for public goods that is, a public economy, a political entrepreneur can be a catalyst for the efficient provision of a public good or service by taking the initiative (and bear the cost) of forming a coalition with the aim of providing this good or service. This opportunity to exercise initiative is the key to entrepreneurship, which tends to increase with the number of possible sources of initiative that is, the bigger the number of public officials in a complex metropolitan area, the bigger the likelihood for public entrepreneurship to occur (Oakerson and Parks, 1999) Oakerson and Parks go on to say that public entrepreneurship is an efficiency enhancing factor when it comes to providing a public good. Mintrom (1997) and Scheider, Teske, and Mintrom (1995) see public entrepreneurs as people “who seek dynamic policy change through attempting to win support for ideas for policy innovation through identifying problems, networking in policy circles, shaping the terms of policy debate and building coalitions (Mintrom, 1997, p.739). Public entrepreneurs are viewed as agents of change in the public sphere that is, their activity is seen to explain non-incremental change in the policy making process.
Research in public entrepreneurship not only has a clear urban US bias, but is also in need of further development. Mintrom (2009) proposes two directions toward meaningful research: first, a further investigation of the motives of the entrepreneur and second, “more study of the interactions between policy entrepreneurs and their specific policy contexts...[since] certain circumstances are more or less likely to favor the emergence of policy outsiders or insiders as policy entrepreneurs” (pp.661-2). Mintrom goes on to say that the challenge in new research is to study policy entrepreneurship in new contexts in order to enhance conceptual refinement, noting that promising research is to be done in a European context and in cross-national, comparative case study fashion. He argues that: "[m]ethodologically, such work could quickly become complex, suggesting the need for researchers to confine their studies to a small number of country cases and to focus their studies around one or two specific policy ideas or norms. This proposed research holds appeal because, at a minimum, it would require researchers to add only one extra country case to their existing one-country empirical studies” (p. 662, emphasis added)\(^1\).

Drawing from Mintrom’s recommendations, this study proposes to fill the lacuna in the public entrepreneurship research by examining it in the comparative contexts of peripheral areas in the United States and Sweden in connection with economic development policies. The strategic foregrounding of the spatial (here the context of peripherality) “...raises new possibilities for discovering hidden insights, alternative theories and revised models of understanding” (Soja, 2010, p 17). The local level is most enlightening when it comes to studying political entrepreneurship as it is the arena where an individual is most likely to make a difference (Schneider, Teske, and Mintrom, 1995). This has the potential to be even more relevant in peripheral areas, where population density is quite low. The purpose of the study is to conceptually enhance the construct of public entrepreneurship by studying it comparatively in a specific policy context. This is a theory

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refinement effort through “the use of specially targeted case studies that appear likely to suggest new... theoretical ideas” (Munck, 2004, p.119). The study also aims at disentangling the concept of public entrepreneurship from the concepts of leadership, ambition, power, advocacy, and creativity as well as discussing possible spill-overs by private entrepreneurship, since public-private partnerships are matter-of-course for local politics.

The policy context examined in this study is the growth machine (Molotch quoted in Schneider, Teske, and Mintrom, 1995, p.115), namely the alliance of local business interests and politicians for the pursuit of economic development. The choice of policy is based not only on the fact that municipalities have competence when it comes to economic development, but also because this issue is currently relevant in the European policy-making discourse (see for example CEC, 2011). Moreover, the framework of this study is defined to a certain extend by a grant from the Regional Structure Funds Program to Strengthen Competition and Employment. The title of the project, undertaken in part by Mid-Sweden University, is Social Entrepreneurship-- Transboundary Strength for Regional and Local Development in Sparsely Populated Environments. The geographical scope of the project encompasses the Swedish counties of Jämtland and Västernorrland, located in the NUTS 2 region of Mellersta Norrland. Its overarching goal is to generate knowledge through research and cooperation among the actors involved in order to promote regional development and improve the communities in these two counties. A good example of the triple helix concept (university-public sector-private sector), this project is meant to have tangible practical implications which should be taken into account within research undertaken in its context.

Among the more specific applied aims of the project is to develop broader knowledge and understanding as to how political entrepreneurship, through policy innovation, can contribute to reversing the negative population and economic trends of peripheral areas. Furthermore and apropos of this study, the program asks: what is political entrepreneurship in sparsely populated
areas and how do entrepreneurial politicians find possibilities to have an effect on societal and economic development, that is to say, how do support structures develop?

The need for knowledge generation that can be applied to alleviate social problems has been accentuated by the recent worldwide economic downturn, persisting asymmetries of globalization and deindustrialization have deepened existing cleavages and accentuated the effects of unbalanced development not only among nation states, but also among territories within states (CEC 2010). Adjuvant to the effort of rural – sparsely populated—municipalities toward economic development, community prosperity and political relevance is knowledge gleaned from research aimed at identifying the stakeholders understanding the mechanisms contributing to a local competitive advantage.

However, discussing territory and its implications in social sciences is by no means a straightforward affair. “Territory”, Brighenti claims, “is not defined by space, rather it defines spaces through patterns of relations” (2010, p. 57). Though the validity of this statement and its importance toward the development of a science of territory and territological phenomena (territology) is not refuted, one must also consider the largely inherent geographical and demographical issues which could potentially intensify development problems. This is especially important for such peripheral areas as mountainous regions, islands, outermost regions, northernmost areas with particularly low population density and cross-border areas (CEC, 2010) and true in wealthy countries, such as Scandinavian countries and poorer ones, such as Rumania and Bulgaria (Evers et al, 2009).

Peripherality is also a slippery and rather protean term: there is not one single definition of it. Most commonly it requires its binary opposite (core/center) in order to be defined by what it is not. However, “…there is no such thing as a single centre-periphery theory or concept... it is difficult, if not impossible, to extract any common element from the wide variety of usages of the centre-periphery metaphor…” (Naustdalslid in Copus, 2001). Peripherality is at the root of regional...
economic disparities, and these in turn have been the focus of regional economic development policies. The rural areas of Europe must negotiate serious problems in order to survive (Robert, 2007). For that matter, rural areas in general must do just that in order to survive. Robert suggests that the realization of the potential of regions (which leads to their competitive advantage) strongly depends upon people’s ways of thinking, their norms, values, social relationships and their entrepreneurship (2007). It is this entrepreneurship, in the public sector, that this study proposes to examine.

**Theorizing public entrepreneurship**

Political entrepreneurship is a complex, rather bifurcated term; inherently compound and transdisciplinary. The noun ‘entrepreneurship’, which constitutes the second part of this term, alludes to the private market environment, wealth accumulation and the realization of self-interest evidenced in monetary profit. Entrepreneurship, widely recognized as the motor of capitalism, has been investigated at length in disciplines such as economics, business administration and regional development studies, to name but a few. The modifying adjective ‘political’, when placed in front of the noun ‘entrepreneurship’, destabilizes it by stretching it over disciplines such as political science, public administration and policy studies. The modifier “political” is intrinsic to concepts such as the polis, the conduct of public affairs, governance, policy making and the distribution of public goods. What is more and as if in a coordinated effort to obfuscate, political entrepreneurship is but one of a host of related terms: policy entrepreneurship, policy innovation, public entrepreneurship, political and public entrepreneur.

On one hand, Hjorth (2003) disassembles the word *entrepreneurship* to its component parts in Latin: *entre* meaning in-between and *prendre* to catch, grab, grip, describing respectively the “welcoming of the virtuality, multiplicity and openness of the in-between and the organizational process of actualizing, grabbing or catching of that which is rolling (moving freely in the openness of the in-between space) (p.1, original emphasis). That which is rolling is nothing less than creativity
and the construction of knowledge. Gunnar Olsson (1991) writes that creativity stems from the space between the “rendering of simple truths... [and] the errors inherent in every translation” (p. 14); he urges us to read the spaces in between (words) because it is in these spaces that learning resides. Florida states that entrepreneurship is economic creativity (2002). On the other hand, the Greek verb related to entrepreneurship, *epiheio* (ἐπιχειρείω) means to put one’s hand on (a thing); to put one’s hand to (work), set to work; to attempt. A related noun derivative, *epiheiron*, (used only in the plural, *epiheira*) means wages of manual labor or generally wages (Lidell& Scott, 1889). These words from two different languages, if considered cumulatively, encompass the essence of entrepreneurship. They speak for its cerebral quality represented by human creativity as well as the very tangible and physiological action or grabbing or putting one’s hands on to things, work and/or opportunities for the ultimate result of compensation. This compensation, must be noted, should not be narrowly understood as merely monetary profit, but also in terms of (political) power, electability and political capital.

The modifiers ‘political’ and ‘public’ (entrepreneurship) will be used interchangeably in this dissertation, as will ‘political’ and ‘public’ (entrepreneur), due to the understanding that ‘public’ refers to the political sphere and is used vis-à-vis ‘private’ or the traditional meaning of entrepreneurship pertaining to the private market. The synergies between policy entrepreneurship and policy innovation and the concept of political entrepreneurship will be disaggregated and investigated. Befitting the complexity and the fuzziness of the concept, as well as its multidisciplinarity, any pertinent theory is bound to be an intricate and multifaceted synthesis.

**Schumpeter and the entrepreneur.** Schumpeter’s work on entrepreneurship and the entrepreneur has provided the basis for much of the subsequent discourse on the subject. Though known mostly for his economic theory of the private entrepreneur, Schumpeter recognizes that entrepreneurs exist in other sectors of society, such as art and politics (1911/2011). He makes the binary distinction between men (at his time anybody worth writing a theory about was male) who are static
and men of action. The former are men who do what they are told, are passive and seek equilibrium. Men of action are the entrepreneurs, the ones who lead, are dynamic and break the equilibrium through new ideas. If there is no demand for their ideas they create it and they assemble the individuals necessary for their implementation (Becker, Knudsen and Swedberg). “In all sectors he does so in a manner very analogous to that in which something new is carried out in the economy... it is always an imposition of a new thing, which just a little earlier was still derided or rejected, or just neglected (Schumpeter, 1911/2011, p. 215). Entrepreneurs create new lines of art, schools of thought or parties, which in turn ‘create’ the league of followers, the static individuals. Schumpeter takes cognizance of the fact that all sectors of society are interrelated and that ripples caused by entrepreneurship in one sector (such as the economy) affects another (such as politics) and vice versa.

The evolution of the public entrepreneur in Political Science: two trajectories. The obligatory onset of any discussion on public entrepreneurs is Robert Dahl’s *Who governs?* (1961), although the term as such is used only once and it is not included in the index. In this seminal work, Dahl chronicles the transition of the local government structure of New Haven, CT, from oligarchy to pluralism. He views the “gifted political entrepreneur” as an actor instead of somebody being acted upon by the political machine; indeed “a leader who knows how to use his (sic) resources to the maximum” (p.6). Dahl devotes a chapter to the private entrepreneurs (the self made men) who, at the cusp of the industrial revolution, had the resources, the know-how and perhaps were “a touch too ruthless and aggressive” to be the governing elite in New Haven. As Dahl puts it, “why nominate and elect a grocer as mayor if you can have a manufacturer or bank president” (p. 30)?

The political entrepreneur and the efficient delivery of public goods. Subsequent discussions on the public entrepreneur form a more complete definition cast in theories of public goods and pressure groups in American politics. Writers such as Olson (1971), Salisbury (1969) and Wagner (1966) view the political entrepreneur as the organizer of coalitions in search of opportunities through which to
obtain and provide public goods. Salisbury’s (1969) main argument is that “the group entrepreneur invests his (sic) capital to create a set of benefits, composed of some combination or mix [among material, solidary and expressive benefits] which he (sic) offers at a price to the market” (p. 17). This price is group membership and the market is the audience for the given (interest) pressure group. Salisbury conceptualizes all interest groups as actors in benefit exchanges. The group entrepreneur/organizer is the single most important catalyst in this exchange and must make the first move. Just as “…in terms of any specific organized economic exchange the entrepreneur is the starting point”(p. 12), the group entrepreneur is the starting point in the formation of an interest group.

Olson’s 1965 work on the logic of collective action deals with the problems of membership in large organizations. He posits that organizations (or associations or groups) exist in order to further the common interests of their members. However, large organizations face free rider problems, illustrated best when using the nation state as the organization as an example. A nation state cannot sustain itself voluntarily despite all the interests and bonds (patriotism, culture, language, to name but a few) that are common among its citizens. The effort of each individual citizen will not be visible in so large a group as the nation state; what is more, any given citizen will be able to reap the benefits of any action undertaken by others without having to work for them. Olson goes on to say that the difficulty in providing collective goods for unorganized groups engenders “the idea of the entrepreneur who might help a group obtain a collective good it lacked” (p. 175). By contrast, small groups operate more efficiently in providing public goods.

In reviewing Olson’s book, Wagner (1966) argues that the existence of a pressure group is a sufficient, but not a necessary, condition for undertaking beneficial political activity and consequently for the involvement of the political entrepreneur in this activity. He goes on to say that the only difference between a situation where pressure groups do not exist and one where they do is the flow of information existing in the latter, by which political entrepreneurs can discover
profit opportunities. From this follows that political entrepreneurial activity is possible regardless of the existence or size of interest groups. Wagner’s departure point is the premise that the purpose of interest groups is the augmentation of their members’ real incomes. He then goes on to say that real income increasing activities performed by interest groups is only a part of political-favor seeking, whose catalyst is the political entrepreneur and not the interest group per se. Thus the explanatory factor is the political entrepreneur and their profit seeking behavior in the context of democratic decision making.

Profit seeking behavior factors in Salisbury’s exchange theory of interest groups (1969), “which rests initially on a distinction between the entrepreneur or organizer and the customer/member” (p.1). Employing a reasoning largely parallel to that of Olson’s he argues that the political/group entrepreneur invests their capital in order to create a set of benefits, which they then offer at a price (group membership) to a market consisting of the dues-paying members of any given interest group. Salisbury goes on to say that the entrepreneur is the starting point of any exchange; he emphasizes that without her/him, no exchange activity is likely to ever occur. What emerges in the early stages of his discussion and later becomes explicit is the issue of leadership. Indeed “[the] role [of the entrepreneur/organizer] is identical with that of the leader of a going group concern. It is therefore, group leadership generally that [Salisbury is] discussing in a framework of benefit exchange. The entrepreneurial role is generically identical with that of the leader; the leader is perforce an entrepreneur” (p. 29).

The discussion regarding political entrepreneurship as it relates to the provision of collective goods is in fact quite parallel to the one regarding leadership. Northouse (2007) identifies several components relating to leadership. First, leadership is a dialectic, transactive process taking place between the leader and their followers, an arrangement similar to the one between the group entrepreneur and the group members. Second, leadership involves influence, which is implied in political entrepreneurship. Third, the context of leadership is the group, which is the case with
political entrepreneurship as well—be it an interest group, a bureaucratic organization or any other governmental institution. This group is comprised of individuals who have a common purpose. Lastly, leadership implies attainment of a goal, similarly to political entrepreneurship, whose end is the provision of a collective good. Drawing from these components, Northouse defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal” (p. 3).

The Janus-like ontological duality of the political leader / political entrepreneur is also the central theme in Frohlich, Oppenheimer, and Young’s 1969 work. Inspired by Olson and still within the theoretical framework of the provision of collective goods, they note that what is missing from the analysis of groups that supply public good is the concept of political leadership or political entrepreneurship and define the political leader/entrepreneur as the individual who takes action in providing a collective good without providing all the resources by themselves. A collective good is understood to be one that all members of a particular group have access to once it has been provided to one member of that group. The assumption made by the authors is that the political entrepreneur is a rational, self interested individual, who becomes a supplier of collective goods in exchange for some kind of political profit. What follows is that what accounts for the development of a collection organization for the purpose of supplying a positively valued collective good is the political leader’s motivation for profit and not their personal valuation of the good. There is no moral value attached to entrepreneurship and the personal opinion of the leader regarding the good they provide matters not when it comes to the explanatory value of political entrepreneurship.

What is of relevance, however, is the personality of the leader. Frohlich, Oppenheimer and Young argue that whereas an ‘eager’ leader will accept a position of leadership even if the revenues (donations, exchanges involving positively valued goods and taxes) do not cover the cost of the collection organization and the supply of the collective good, a reluctant leader might have to receive a subsidy in order to do so. The former leader derives an additional type of revenue simply from being at the reins of the administrative vehicle required to make collections and supply good: pleasure. In situations of competitive politics, the eager leader has a competitive advantage. At the
extreme end of this continuum is the ‘fanatical’ leader, who specializes in setting up collection organizations or supplying collective goods and is labeled by the authors as the ‘populist demagogue’. Generally speaking, however, as the leader’s surplus increases, so do the incentives for non leaders to compete for leadership positions (1971).

Still within the literature of political economy and according to E.Ostrom (2005), entrepreneurship is “a particular form of leadership” with an emphasis on problem solving and the synthesis of already existing processes in forming an effective solution (p. 1). Public entrepreneurs are motivated by benefits including delivering improved services to their communities and sharing the burden for increased benefits, the excitement of innovation, and receiving monetary income as well as respect from their positions as public officials (Mintrom in E.Ostrom, 2005). What is more, E. Ostrom calls for the opening of the public sector (at the local, regional, national, and international levels) to entrepreneurship and innovation in order to deliver public goods in a more efficient fashion.

Public economic entities enter in horizontal and vertical relationships making the role of the public entrepreneur navigating these relationships quite salient. V. Ostrom (1999a; 1999b) views public economies, especially in complex metropolitan settings, as polycentric arrangements, noting that these arrangements do not constitute markets. Drawing from Polanyi’s (1951) work, V. Ostrom describes polycentricity as a pattern of organization of social affairs where many actors at different organizational levels are capable of making mutual adjustments for ordering their relationships with one another. Individuals constitute the basic level of analysis, since they are viewed as decision making actors, able to weigh costs and benefits against risk and uncertainty in order to make decisions. The level of analysis can be higher when the municipality or nation state, for example engage in such a strategic calculation in the national and the international arena respectively. The most important principle of a polycentric arrangement is that it is spontaneous that is, self generating and self organizing at different levels of conduct. In the case of the production and
delivery of public goods and services this principle can be met only if there exist individuals who, acting as public entrepreneurs are willing to create appropriately structured public enterprises to supply these public goods and services. Necessary conditions of polycentricity include a system of public and constitutional law that are enforceable, low entry barriers for seeking public office in transparent elections and the ability to form political coalitions. If these conditions exist, one should expect to see individuals, acting as political entrepreneurs, initiating “proceedings for the organization of various municipal corporations, quasi-municipal corporations and other forms of public enterprise to undertake the provision of public goods and services” (p. 70, 1999).

According to E. Ostrom (2005), the main assumptions of polycentricity in relation to the study of large urban areas include the following: first, the production functions and scale of effects of public goods and services differ to a large degree. Second, individuals with similar preferences concerning public goods and services tend to cluster together in neighborhoods, which then tend to be homogeneous in concerning these preferences than entire metropolitan areas. This clustering is what Hirchman (1970) identified as the citizen’s ‘voice’. Third, individuals living in multiple jurisdictions learn about and assess the performance of one jurisdiction based on how affairs are handled in another. Fourth, the existence of multiple jurisdictions in a complex metropolitan area allows citizens to choose packages of public goods and services most important to them, at times by moving to a different jurisdiction which might suit them better. This is identified as the ‘Tiebout model’ or ‘exit’ (Tiebout, 1956). Fifth, elected officials can make better choices of producers of public goods when large numbers of them compete. Lastly, potential producers of public goods and services forced to compete are more likely to innovate in order to improve their performance. These assumptions underlie Ostrom’s claim that the “dichotomy of ‘the market’ versus ‘the State’” is “barren” and that the space between them is occupied by “a rich world of institutions” and that non market structures would stand to benefit from allowing public entrepreneurship in terms of efficiency enhancing and quality delivery of public goods and services (2005, p.1; see also Oakerson and Parks, 1999).
In the context of complex metropolitan economies, Oakerson and Parks (1999) define public entrepreneurs as the individuals who are able to identify common needs among citizens of the diverse communities which make up complex metropolitan economies and are willing to invest in the cost of innovations in order for the complex metropolitan area to function effectively in responding to the citizens’ voice. They are the “persons who propose ideas and carry the burden of ensuring discussion, compromise, and creative settlement” (p.320). Oakerson and Parks go on to say that public entrepreneurship is a complement to public voice and can be defined as the opportunity to exercise initiatives. The more the “elected officials, police chiefs, fire chiefs, school superintendents, directors of public works, and city administrators or managers” (p. 320) the more the likelihood for public entrepreneurship to take place.

In their 1992 polemic *Reinventing Government*, Osborne and Gaebler extol entrepreneurship taking place in the government circles putting forth entrepreneurial stories in all levels of government to prove that a paradigm shift was under way in the U.S. in the 1990s. Drawing from Kuhn (1970) the authors describe a public arena where party politics and ideologies increasingly become irrelevant and gradually usurped by apolitical, neo-liberal practices. They contend that solving contemporary problems with leviathan-sized, outmoded, vertical bureaucracies is a misguided recipe for failure and that the only way for governmental structures to be relevant is to follow the trajectories of a changing world and turn entrepreneurial. The role of the city government in this new paradigm is redefined from a tax-collcting, service-delivering institution to a body whose chief role is to define problems and assemble the resources for other to use in solving them. They describe a new model of government, the un-politicized “entrepreneurial government”, wherein public sector institutions “constantly use their resources in new ways to heighten both their efficiency and their effectiveness” (p.xix) and public entrepreneurs are the public sector workers who “shift resources of higher productivity and yield” (p. xix).
Pronouncing the death of ideology as politically irrelevant echoes Fukuyama’s 1989 article *The end of history* in which he declares political and economic liberalism as the decided victors emerging after the end of Cold War. Fukuyama claims that history as a dialectic process is over since communism collapsed leaving Western liberal democracies as the only viable governmental structure with the Western consumerist culture unabated. Concomitantly, deindustrialization and globalization in the Western world have resulted in unabated devolution whereby local governments are left to fend for themselves. This has caused municipalities to engage in fierce competition with each other in an effort to attract private investment and a wealthier tax base. A narrow emphasis is placed on economic growth and growth promoting policies often disregarding their social impacts; capital investments are geared toward aiding developers instead of improving needy neighborhoods and competitiveness dominates the political discourse (Fainstein, 2010; see also CEC 2010). This attempt of municipalities to reward businesses to move to or remain in their jurisdiction sometimes amounts to substantial ‘geobribes’ paid by cities to global corporations, according to Neil Smith (2002), all in the context of the new neoliberal urbanism. In the U.S., the breakdown of ideology and the lack of support by national governments have enforced the narrative of entrepreneurial bribes in the form of regulation-free public-private partnerships as virtuous and contributing to the common good, while simultaneously vilifying any entitlements programs for needy and disenfranchised populations. For sure, the narrative put forth by Osborne and Gaebler (1992) as ‘good’ is an almost regulation-free public-private partnership geared toward economic benefits. The role of the state is to sit back and steer, not row, the public affairs.

They identify ten contributing factors to this paradigm shift—or reinvention of government, claiming that at least five of them must be present for substantive change to happen. First, a crisis must be under way. This is similar to the idea of ‘entrepreneurship by necessity’ (vis-à-vis ‘entrepreneurship of opportunity’) first introduced by Schumpeter (von Bergmann Winberg, 2010) where innovatory problem solving processes take place in a context of limited resources. From a policy making point of view, it is always easier for politicians to rally people around a solution, when
in fact there is a problem—real or manufactured. Moreover, it follows that in critical cases, where the municipal resources are scarce, public officials would be more likely to creatively stretch them in order to make the most of them. One then can reasonably imagine a situation where the lack of resources is chronic. The question that arises is whether entrepreneurship by necessity is a common and habitual mechanism to combat the paucity of resources on a regular basis. Next, Osborne and Gaebler emphasize the importance of leadership as well as the continuity of leadership. Though the public entrepreneur as a leader is a recurring theme in the literature, continuity of leadership in the public sector raises issue of democracy: political leaders and even political appointees are only meant to lead for short periods of time and this is a well documented issue in the literature. Continuity of leadership with political power concentrated in the same people for multiple terms could be extremely detrimental to democratic institutions—probably even more so than if they were not entrepreneurial. Furthermore, individuals in leadership positions must be able to not only have a vision for the future, but they must also be able to convey this vision to the community and command enough trust to make citizens buy into it. This is where a strong governance structure in the form of active individuals and civic groups can make the difference between strong and weak communities. Finally, the authors point out the importance of financing by exogenous entities such as foundations, consultants, civic groups or other governments as well as the importance of diffusion. Though entrepreneurial activities cannot successfully be copied, one public organization can be encouraged and indeed learn from the success of another.

The political entrepreneur and policy change. Fundamental change is the underlying concept in Osborne and Gaebler’s (1992) work. Political scientists concern themselves with change in political arenas and some are engaged in research in policy analysis. Although political scientists concern themselves with structures when trying to explain policy change, the picture is incomplete without the individual that is, the policy entrepreneur (Kingdon, 2003; see also Sheingate, 2003). In fact the policy entrepreneur has a rather prominent role in explaining policy change in Kingdon’s policy streams theory. Kingdon’s level of analysis is the federal government and he views the policy making
process at that level as a primordial soup comprised of three main streams: problems, policies and politics. Problem mutate; different versions of them appear at different times emphasizing a different aspect of it, whichever seems to be in ‘hot’ at any given time. Policy change happens when, at propitious times, a window opens and solutions that were floating in the policy stream get coupled with a problem, politically relevant at the time, which is floating on the top of the policy stream. Though there are no single-factor explanations as to how a subject finds its way on the top of the agenda, the policy entrepreneur has a catalytic role in the policy making process by being the one who couples streams that is, matches solutions to problems in any given political context. Indeed Kingdon reports that in 23 case studies, policy entrepreneurs were coded as very important in 15 and only in three were they found unimportant (2003).

Mintrom and Norman (2009) find that policy entrepreneurs feature not only in the policy streams theory, but in four additional mainstream theories of policy change: incrementalism, punctuated equilibrium, advocacy coalitions and institutionalism. As in policy streams theory, political entrepreneurs attract considerable in the punctuated-equilibrium theory as well. (Mintrom and Norman, 2009; Schlager, 2007). The theory tries to explain the fact that political processes are generally characterized by stability and incrementalism punctuated with infrequent spikes of substantial change. More specifically, “[p]unctuated equilibrium theory includes periods of equilibrium or near stasis, when an issue is captured by a subsystem, and periods of disequilibrium, when an issue is forced on the macropolitical agenda” (True, Jones, and Baumgartner, 2007, p.160). On one hand, the complexity of the policies and the multitude of policy images, which are a combination of empirical information and emotive appeals, and on the other the fragmentation of the federalist system fosters (in the U.S. at least) propitious conditions in terms of multiple opportunities for policy entrepreneurs to make their case supporting their favorite policy. A subject that has not succeeded in advancing in the national agenda might encounter less friction in state governments and vice versa (True, Jones, and Baumgartner, 2007). Such an illustrative example is the Massachusetts’ health care reform enacted by the state’s republican governor Mitt Romney in
2006. This legislation comes as close to universal health care as any existing legislation in the U.S. and predates Obama’s recent health care reform at the federal level. Massachusetts’ legislation includes an individual mandate, enforced through tax penalties, whereby all individuals must have health insurance (Holahan and Blumberg, 2006).

In incrementalism, Lindblom emphasized the role of proximate policy makers or administrations, as the person in the middle to broker a compromise among many stakeholders which are part of a pluralist conception of public sector. Rejecting the narrative of the rational policy maker, Lindblom paints a picture of a reactive administrator which often follows a systematic method of “successive limited comparisons” (Lindblom, 1959; Mintrom and Norman, 2009; Stillman, 2005, p. 222). Policy entrepreneurs representing the interests of a number of coalitions can influence these comparisons to their favor with a well constructed argument and a carefully cultivated network of political allies.

Room for the policy entrepreneur can also be found in institutionalism. Institution is understood as the “shared concepts used by humans in repetitive situations organized by rules, norms, and strategies” (Ostrom, 2007, p. 23). Mintrom and Norman (2009) state that actors capable of producing change must be well versed in the ‘rules of the game’ and therefore are more likely to be insiders. This is a reason why change in institutionalism rarely comes from outsiders. The challenge for the public entrepreneur is to be knowledgeable of a given context without becoming too comfortable thus losing the motivation to strive for change.

Finally, an opportunity for compatibility between the advocacy coalition framework (ACF) and policy entrepreneurship is identified by Mintrom and Norman (2009), though the concept is not directly dealt with in the theoretical framework. ACF’s original scope was limited within the American policy arena, but significant revisions have increased its scope of application to European and even developing countries (Sabatier and Weible, 2007). For example, in a typology of policy relevant resources Sabatier and Weible identify “skillful leadership” as a resource important to those
who seek to change policy (p.203). These leaders are able to seize opportunities while creating a positive vision for the coalition by which to attract additional resources and use them strategically (see also Mintrom and Vergari, 1996; Muller, 1995; Sheingate, 2003).

Casting political entrepreneurship as a cog in the conceptual machine which produces policy change is a concept-enhancing exercise. It is indeed necessary because the concept has been used quite extensively and rather loosely by political scientists (Miroff, 2003). Political entrepreneurship had not been systematically examined and theorized until the 1995 work by Schneider, Teske, and Mintrom. In a departure from earlier literature in political science (Kingdon 2003; Lewis, 1980; Loomis, 1988) dropped their level of analysis from the national level (congress and the higher strata of big bureaucratic organizations) to the local level that is, suburbs of major metropolitan areas in the U.S. with a population ranging from 2,500 to more than 200,000 because this is where most Americans live. This had some very meaningful implications: first, these communities are small enough for an entrepreneurial individual to make a difference and the effects of public entrepreneurship are easier to discern. Second, and in relation to the first point, doing research at the local level reveals that a public entrepreneur does not have to possess the power and standing of Robert Moses or J. Edgar Hoover (see Lewis, 1980); rather s/he can be an ordinary citizen, drawn to local politics because of a single issue (Schneider, Teske, and Mintrom, 1995). Third, by using this level of analysis Schneider, Teske, and Mintrom are able to converge the two trajectories in which the literature on public/political/policy entrepreneurship has moved that is, in relation to the delivery of public goods on one hand, and as an explanatory factor of change in the public policy process in another. To be sure, one of the chief reasons for organizing collectively at the local level is the delivery (if not the production) of public goods and services such as education, health, transportation infrastructure, etc. What is more, while most policy is made at the national (or in the U.S. even state) level, the municipality does have competence in education, growth, planning, and local economic development. Thus this is the arena where not only the provision of public goods is
intertwined with policy making, but also the governance structure where an individual is most likely to feel like they are making a difference if they decided to get involved in public affairs.

They argue that local governments in the suburbs of large metropolitan areas in the U.S. operate in a semi competitive environment which they call “the local market for public goods” (Schneider, Teske and Mintrom, 1995, p. 9). This is an oligopolistic milieu involving imperfect competition among a small number of sellers of public goods and services. Because of the limited number of sellers, any decision made by one of them is more likely to affect the others than in a market environment where competition is more perfect and the sellers theoretically unlimited. In addition to the relative importance of strategic decisions, incomplete information and uncertainty, characteristics found in the political as well as the private market, provide a host of opportunities for public entrepreneurs. According to Schneider, Teske and Mintrom, public entrepreneurs are actors who operate within the system and create fundamental change in the political market. All public entrepreneurs perform three functions: they discover unmet needs and select suitable solutions for them; the bear the economic, political and personal risk associated with introducing these solutions, and they build teams of individuals willing to work towards fulfilling these needs.

These unmet needs can be real or perceived. The salience of the public entrepreneurs centers on their ability to manipulate ideas and recast problems as well as solutions for these problems. “Policy entrepreneurs can advance themselves and their favorite issues by shaping their stories for the most attentive national reporters” (Loomis, 1988, p. 82). Loomis goes on to say that entrepreneurial politicians do not perceive themselves as manipulating the press or the debate itself; rather they see themselves as trying to steer the issue toward one way or another.

Schneider, Teske, and Mintrom (1995) take the approach of the Austrian school that entrepreneurship is a function rather than a person; entrepreneurship is the result of actions of any rational individual. Entrepreneurs, public or private, are not just the special few—an entrepreneur is any rational individual, who after a cost-benefit analysis decides that the benefits of making political
innovation outweigh the costs and is willing to bear the risk of doing so. Interpreting Schumpeter, Becker, Knudsen and Swedberg (2011) state that anyone can become an entrepreneur at some occasion—but no one will be so all the time.

Finally, the public entrepreneur is not an individual working in isolation; rather the milieu in which s/he operates is very important. Contacts are commonly the main source of ideas that public entrepreneurs come across and take advantage of. They social actors embedded in local networks, which in turn can alleviate some of the costs of entrepreneurship. Schneider, Teske, and Mintrom in fact report that the higher the concentration of public entrepreneurs in the Finance, Insurance, and Real Estate (FIRE) sectors of a community, the higher the possibility of the emergence of public entrepreneurs. What is more, the fragmented nature of the American political system offers opportunities for the emergence of public entrepreneurs (1995). Fragmentation describes the multi-level governance structure (federal, state, county, local) with at times overlapping jurisdictions. European Union countries also display a multi-governance structure ranging from local governments to the European level. It follows that this environment, too, has the potential to be fertile ground for the emergence of public entrepreneurs. The theory has not been tested in the context of peripheral areas, which purportedly suffer from lack of entrepreneurship and human capital. What does the supply side for entrepreneurs look like in a peripheral environment? What impact do they have in making innovative policies and how do these policies in turn impact regional development? These are the answers this study will attempt to answer.

Conclusions

The popularity of the concept of entrepreneurship in business studies and economic is well documented. However entrepreneurship is found in all sectors of society and the literature on public entrepreneurship within the discipline of political science has been steadily growing. Public entrepreneurs operate in the public sector and are people, commonly but not always in leadership positions, who are alert enough to distinguish opportunities, are willing to bear the burden of
providing solutions for them and have the ability to assemble a team of individuals to work toward that goal. Complex metropolitan areas with multiple jurisdictions provide favorable conditions for the emergence of such entrepreneurs because of increase of the sheer number of public officials. What is more, the agency of these individuals plays a very important role in the policy making process and can be an element of mainstream policy making theories: incrementalism, punctuated equilibrium, policy streams, advocacy coalition and institutionalism.

Despite extant work, the concept is not fully explored. Meaningful further research studies could include concept enhancing comparative work on specific policy contexts. The study developing from this theoretical framework will focus on a comparison between the United States and Sweden in the spatial context of peripherality and the policy context of regional development.
References


