

Public Policies versus Public Entrepreneurship

Doina Mureşan

*“Dimitrie Cantemir” Christian University, Bucharest, Romania
University Professor, Vice-Rector, doina.muresan@ucdc.ro*

ABSTRACT: The paper enhances the current understanding of public administration's support for entrepreneurship, providing knowledge that could generate interest in this topic. It analyzes the collaboration among public policies, the public sector, the private sector, and non-governmental organizations, and the following dependent variables: innovation, e-government and digitization, entrepreneurship support ecosystems, and risks in this approach. The academic significance of this research lies in its provision of evidence for the moderating role of NGOs in expanding PPPs to support entrepreneurs. The paper reviews European and national specialized literature in the field of social entrepreneurship. This review focuses on the role of public administrations in supporting social projects and proposes a conceptual model that outlines its empirical boundaries. Additionally, the paper outlines the statistical methods used for this part of the analysis. The findings then lead to suggestions for future research on the role of public administration as a facilitator of social entrepreneurship.

KEYWORDS: public entrepreneurship, public policies, public private partnership, social entrepreneurship

1. Introduction

Various global megatrends are impacting the development of the public, entrepreneurial, and creative sectors. Digitization has already altered value chains in certain sub-sectors, and digital technologies are more than a “contextual factor”; often, they are an “enabling factor”, or even a radical step in the context of the new revolution, changing how the economy - its branches, methods, and tools - is planned, produced, accessed, or transferred. Other megatrends also exert a significant influence on entrepreneurship and innovation in the creative sectors, offering new possibilities. These encompass the sharing economy, new technologies (virtual reality, real-time data, smart home technology, etc.), changes in working life, and climate change.

2. The role of public policies in the development of entrepreneurship

Innovation, entrepreneurship, and the creative sectors are interconnected topics, a relationship also evident in various EU policy initiatives and funding programs. Examples include the EU Innovation Union as part of the Europe 2020 strategy, the EU Regional Smart Specialization Strategies and Platform, Horizon 2020, COSME (which includes Erasmus for young entrepreneurs), Start-up Europe, Erasmus+, and select EU structural and investment funds. The association between public policies and public entrepreneurship is close, primarily linked through the concepts of innovation and creative solutions.

Our research is grounded in the understanding that innovation can be delineated by two core elements. Firstly, it introduces novelty (innovation presents a new idea in relation to an existing concept). However, this concept must transition from theory to practical application. Yet, innovation encompasses more than just technical or scientific novelties; it can also involve changes in processes and organizational structures across various sectors. The second element introduces a teleological criterion, asserting that a technical novelty or a new approach can be deemed innovative only if it brings economic and societal advantages. Given this backdrop, we assert that innovation is a process wherein novelty must accrue social recognition and acceptance over time.

In this context, there are specific aspects within this domain that warrant attention. So, *Innovation in Europe often takes place with the support of public policies and subsidies.* As

the economic literature of the 21st century shows, the private sector often invests after the public sector has made high-risk investments. In the best cases, this order leads to a mutually supportive relationship between innovators and public policy, often integrating contributions from research and academic institutions.

Innovation is often perceived as a digital or technological and cultural problem and the creative sectors are often overlooked or even excluded from most initiatives aimed at promoting innovation. Integrated policies are needed that take into account the specific characteristics of these sectors and encourage and facilitate an intersectoral and transsectoral partnership between all stakeholders.

We are alluding to the utilization of inventive methodologies and concepts in the formulation of public policies and services, with the objective of instigating notable enhancements in citizens' quality of life and administrative efficiency. In particular, our focus rests on the exploration of novel and unorthodox approaches to problem-solving, alongside a proactive responsiveness to changes and demands. In Romania's public policies over the past decade, endeavors to incorporate facets of innovation and creative solutions are discernible.

These efforts have manifested through diverse measures, such as digitization and e-government initiatives. During this phase, Romania directed investments towards the development of online services and digital platforms, facilitating streamlined access for citizens and businesses to public services, thereby augmenting efficiency and curtailing bureaucratic hurdles. In this context, let us illustrate with specific instances, emblematic of initiatives mirrored in public policies that pertain to digitization and e-government implementations in Romania.

A notable case is the “Digital Romania” Program, an initiative formulated to expedite Romania's digital transformation and extend its benefits to citizens and businesses. This program encompasses a range of measures, including enhancing Internet accessibility, fostering digital competencies, catalyzing digital innovation across both public and private sectors, and amplifying the adoption of online services in the public sphere.

“National, regional, and local governance levels should establish integrated ecosystems for Cultural and Creative Sectors (CCS), facilitating access to support structures and programs through a ‘one-stop shop’ approach. Ecosystems endorsing entrepreneurship and innovation should incorporate comprehensive measures encompassing both CCS and other business sectors” (European Union 2018). A particularly enlightening example in this context is the “giseul.ro” platform – an online platform affording citizens and companies access to a wide array of public services. This enables actions and information retrieval without the necessity of physical presence at public institution counters. The platform spans various domains, including taxes and fees, health system enrollment, issuance of official documents, among others.

Additionally, we introduce the policy of expediting digitization in public administration, executed by the Romanian Government to revamp and modernize public administration through digital technology utilization. This initiative encompassed the introduction of electronic signatures for official documents, development of online services catering to citizens and businesses, as well as implementation of e-government platforms streamlining interactions with public institutions. The ongoing emphasis on digital transformation is evident, reflecting the priority of numerous European governments, including that of Romania. The overarching goal is to simplify citizen interactions with public services and heighten administrative efficiency.

Another strategy involves fostering the establishment of innovation hubs and startup spaces, which serve as platforms for collaboration between the public, private, and academic sectors. These collaborative environments are aimed at devising fresh and inventive solutions to a multitude of challenges. This is facilitated by crafting financing initiatives from European funds to bolster innovative projects in domains such as health, education, and infrastructure. In Romania, the proliferation of innovation hubs and startup spaces has surged in recent years, heralded as a means to nurture entrepreneurship and technological innovation. An instrumental

legal framework that has contributed to the expansion of innovation hubs and the startup ecosystem is Law no. 163/2018, specifically designed to foster startup activity. This legislation aids in cultivating an environment conducive to innovative enterprises, propelling startup development, and attracting investments in this sphere.

Universities assume a pivotal role in shaping the innovation and startup ecosystem. Their contributions span technological expertise and intellectual resources, facilitating the transfer of knowledge from academia to the business realm. Through the establishment of innovation centers and collaborations with startups, universities play a pivotal part in fostering the evolution of groundbreaking products and services.

Furthermore, collaboration between the government and the private sector (in the form of public-private partnerships) can be instrumental in championing innovation. These partnerships can facilitate technology transfer, furnish funding avenues, and formulate supportive policies for startups and pioneering projects. This underscores how public entrepreneurship fosters innovation within the process of crafting public policies. By adopting an entrepreneurial approach, governments can devise solutions that are not only more efficient and expedited but also better tailored to the genuine needs of their citizens. The application of entrepreneurial principles to policy development can thus pave the way for a more sustainable and impactful resolution of societal and economic challenges.

3. Collaboration between the public, private and non-governmental sectors

This form of collaboration has the potential to yield more comprehensive and effective policies by leveraging diverse perspectives and resources. Moreover, it can foster an environment conducive to innovation, job creation, and economic expansion.

Both European policy within this domain and national legislation, such as that of Romania, assume a pivotal role in delineating the objectives, tools, and outcomes of such collaborations. At the European level, numerous initiatives and policies have been set in motion to promote entrepreneurship and facilitate cross-sectoral collaboration.

For instance, the European Union's Framework Program for Research and Innovation, formerly Horizon 2020 and now succeeded by Horizon Europe, has supported pioneering projects and entrepreneurial growth through partnerships with universities, industries, and other entities. EU policies have also actively encouraged public-private partnerships to enhance access to funding, resources, and expertise.

In the context of Romania, similar efforts are evident. Legislation and programs have been formulated to foster collaboration between the public, private sector, and non-governmental organizations in the realm of entrepreneurship. Notably, the Law on Public-Private Partnership (Law no. 233/2016) serves as a legal foundation for collaborations between these sectors, particularly in the execution of projects with economic and societal implications. Additionally, there exist national and local initiatives that provide support for entrepreneurs, often involving non-governmental organizations in the provision of consultancy and training services. We wish to highlight the inherent nature of experimentation and swift adaptation fostered by public entrepreneurship. This ethos prompts the exploration of novel solutions and their rapid adjustments in response to outcomes. This approach empowers governments to test ideas and recalibrate policies in real time, thereby sidestepping the squandering of resources on ineffective solutions. Additionally, we emphasize the policy's capacity to influence change – entrepreneurial initiatives can spotlight overlooked issues and propose inventive avenues for their resolution.

In defining the primary goals of collaboration among the public sector, private sector, and non-governmental organizations within the realm of entrepreneurship, we underscore the following:

1. **Promotion of Innovation:** Collaboration with the private sector and universities can serve as a catalyst for innovation. Such partnerships encourage the development of cutting-edge products and services, fueling innovation in various domains.
2. **Enhanced Access to Financing:** Collaborative efforts enable increased access to funding. This can facilitate entrepreneurs' financial access via European funds, public-private partnerships, and other initiatives, fostering a more conducive environment for entrepreneurship to thrive.
3. **Skill Development:** The pivotal role of non-governmental organizations in providing training and consultation programs for entrepreneurs plays a vital part in nurturing entrepreneurial skills. This aspect contributes to skill enhancement and capacity building within the entrepreneurial ecosystem.

In essence, these collaborative endeavors between distinct sectors culminate in multifaceted benefits, encompassing innovation, financial accessibility, and skill amplification. The instruments used to achieve the mentioned objectives include Public-Private Partnerships (formal agreements between public authorities and private companies for the development of economic projects), European Funds (the Horizon Europe Program, the European Fund for Strategic Investments and other EU-funded programs can support entrepreneurial projects) and Training Programs (NGOs can offer training and mentoring programs for entrepreneurs).

The benefits and costs of the Public Private Partnership (PPP) approach are diverse. Both entities (public and private) register in the "benefits" part:

1. spending on providing demonstrator and testing that can stimulate the economy;
2. assign the project to the sector best positioned to mitigate each individual risk;
3. benefit from large-scale innovation and improved quality of standards by introducing competition in the procurement of public sector services" (Probst et al. 2013).

However, on the flip side, the same study highlights that the procurement process for Public-Private Partnerships (PPPs) can be protracted and resource-intensive. Additionally, it raises the point that these partnerships may not always result in effective risk transfer.

Existing literature indicates the necessity for public entities to delve into and comprehend the potential, obstacles, and shortcomings of social entrepreneurship. They are tasked with a pivotal role in fostering localized and direct action toward such initiatives. Notably, the intentions driven by entrepreneurship in various sectors of the economy and their contributions to the evolution of social entrepreneurship merit special consideration and attention from governing bodies (Lupoae et al. 2023).

Social entrepreneurs emerge as principal stakeholders in the pursuit of reconstructing local economies. However, their endeavors are optimally realized when local public authorities furnish the requisite legal, logistical, and financial infrastructure to support these ventures. This underscores the criticality of heightened engagement from local public administrations in social entrepreneurship initiatives, aligning with the substantial significance of social projects for the well-being of local communities.

In conclusion, it can be inferred that social entrepreneurial behaviors predominantly stem from the allocation of funds by public institutions aimed at fulfilling social missions. Simultaneously, these behaviors seize upon income-generating prospects that arise from addressing social issues. The genesis of social value materializes as a consequence of the strategic choices made by public institutions concerning societal outcomes. This process also involves the exploration of innovative avenues to deliver entrepreneurial solutions aimed at tackling social challenges (Gali et al. 2020).

4. Conclusion

The practical implications stemming from this study underscore the necessity for public policies to actively engage private companies in co-financing social projects via Public-Private Partnerships (PPPs). Additionally, this study contributes new insights to the existing literature

on public entrepreneurship by highlighting the augmented value conferred upon communities through the interconnected contributions of stakeholders – encompassing public authorities, private enterprises, and non-governmental organizations (NGOs) – within social projects.

Furthermore, managerial figures within public institutions are steadfastly dedicated to cultivating partnerships with social entrepreneurs and NGOs. This concerted effort is driven by the aspiration to fulfill the Sustainable Development Goals (SDGs), recognized as the SDGs, as articulated by Chopra et al. (2022). This commitment underscores the overarching objective of achieving sustainable and holistic development, guided by partnerships that span diverse sectors and stakeholders.

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