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## THE CONTRIBUTION OF STRATEGIC ENTREPRENEURSHIP IN THE PUBLIC SECTOR TO THE CREATION OF PUBLIC VALUE

**Kalin Boyanov**

University of National and World Economy, Sofia, Bulgaria, [kalin.boyanov@unwe.bg](mailto:kalin.boyanov@unwe.bg)

**Abstract:** The contemporary transformation of public administration requires governance models capable of responding to complex social, technological, and economic challenges. Strategic entrepreneurship has emerged as an approach that integrates strategic management and entrepreneurial thinking in order to stimulate innovation and create sustainable public value. The present study explores the contribution of strategic entrepreneurship to the development of public value within modern public sector organizations. The research is based on a conceptual and analytical approach that includes a review of contemporary literature, examination of international good practices, and analysis of the institutional context of Bulgarian public administration. The findings indicate that strategic entrepreneurship contributes to public value creation through several interconnected mechanisms. These include innovation management, which enables the introduction of new technologies and administrative solutions; leadership and organizational culture, which foster creativity, learning, and adaptability; public-private partnerships, which combine public accountability with private sector expertise; network governance, which promotes collaboration among institutions, businesses, and civil society; and digital transformation, which accelerates transparency, efficiency, and citizen participation. The analysis also demonstrates that strategic entrepreneurship represents more than a managerial technique. It functions as a strategic orientation that transforms public organizations into adaptive and learning systems capable of generating long-term societal benefits. In the Bulgarian context, the development of strategic entrepreneurship is increasingly linked to initiatives related to digital governance, innovation ecosystems, and the implementation of the National Recovery and Resilience Plan. Despite these positive developments, challenges remain, including bureaucratic inertia, insufficient motivational mechanisms, and limited evaluation of public value outcomes. The study concludes that strengthening entrepreneurial capacity in the public sector is essential for achieving effective governance, sustainable development, and increased public trust. Strategic entrepreneurship therefore represents a key driver of institutional modernization and a central mechanism for transforming public administration into a system oriented toward innovation, collaboration, and citizen-centered value creation.

**Keywords:** strategic entrepreneurship, public value, innovation management, public sector innovation, digital transformation

### 1. INTRODUCTION

Recent developments in public administration demonstrate the growing importance of governance models capable of addressing rapid technological change, economic uncertainty, and complex societal challenges. Within this evolving context, strategic entrepreneurship has emerged as a managerial approach combining strategic management with entrepreneurial thinking in order to stimulate innovation and create long-term public value (Ireland et al., 2003; Kearney et al., 2019).

This concept has gained particular relevance in modern governance environments characterized by digital transformation, global crises, and rising expectations regarding the effectiveness of public institutions. These developments require public organizations not only to adapt to change but also to proactively shape policy solutions and generate societal benefits. Consequently, public management increasingly emphasizes strategic orientation, innovation capacity, and collaborative governance. The concept of public value, introduced by Moore (1995), provides a theoretical framework for evaluating the performance of public institutions. Public value refers to the capacity of public organizations to generate benefits for society in the form of improved services, social trust, and collective well-being. Later studies expanded this perspective by emphasizing the role of collaboration among government institutions, citizens, and civil society in the creation of public value (Benington, 2011; Meynhardt, 2019).

Strategic entrepreneurship plays an important role in this process by enabling public organizations to combine long-term strategic thinking with innovative and opportunity-oriented management practices. Public managers adopting entrepreneurial approaches are able to mobilize resources, coordinate stakeholders, and experiment with new policy solutions (Liddle & Hartley, 2021). In this sense, entrepreneurship within the public sector represents not merely a managerial technique but a strategic orientation aimed at enhancing institutional adaptability and societal impact. The relevance of this topic is increasingly visible within European governance frameworks. International organizations such as the OECD and the European Commission emphasize the importance of innovation

ecosystems, digital transformation, and collaborative governance in strengthening public sector capacity (OECD, 2023; European Commission, 2022). In Bulgaria, similar developments are associated with reforms related to digital governance and the implementation of the National Recovery and Resilience Plan.

**The aim** of this article is therefore to explore how strategic entrepreneurship contributes to the creation of public value in modern public sector organizations. The study applies a conceptual and analytical approach based on a review of contemporary literature and analysis of governance practices. Through this framework, the article examines the mechanisms, enabling factors, and practical applications of strategic entrepreneurship in public administration.

## **2. THEORETICAL BASIS OF STRATEGIC ENTREPRENEURSHIP**

Strategic entrepreneurship develops at the intersection of strategic management theory and entrepreneurship. It represents a way to achieve lasting advantage through the use of new ideas and clear leadership. According to Ireland, Hitt and Sirmon (2003), strategic entrepreneurship is the ability of an organization to use resources while seeking new opportunities for growth. This two-way effort keeps it stable and changing during the process. Strategic entrepreneurship also maintains a balance between the organization's operational efficiency and its ability to change strategy. In the public sector, it differs from the private sector model. The main goal is to create public value. Public managers must act as entrepreneurs of change. They must combine thinking, leadership and new management practices (Hartley, 2021). The main idea is that state and local institutions can act as drivers of economic innovation. They become so when they use principles such as flexibility, experimentation and a focus on results (Kearney et al., 2019). Entrepreneurship is associated with three related parts. The first part is innovation. Innovation means the ability to create and use ideas, new technologies or new ways of managing an organization. The second part is proactivity. Proactivity means the ability to see what society will need later and act before these needs become problems. The third part is risk management. Risk management means that enterprising public managers take risks. They try to meet accountability requirements while ensuring strategic freedom of action (Liddle & Hartley 2021). Strategic entrepreneurship, in turn, depends on the management capabilities of the organization. Availability of competencies, to use resources and to explore new growth opportunities at the same time. Public sector administration must follow the rules and look for new ways to create value. For example, Ritala and Tidström (2020) show that organizations that master this balance gain sustainability and greater public effectiveness. Another major contribution to how the idea is developed is related to the Dynamic Capabilities approach (Teece, 2018). According to it, success depends on the ability to pool, develop and transform external skills when conditions change. In the public sector, it emphasizes building the capacity to learn, share knowledge and adapt. These traits belong to entrepreneurial institutions (Boyne & Walker 2020). From an organizational culture perspective, strategic entrepreneurship means moving away from rigid formal structures and building learning organizations (Senge, 2020), where mistakes become sources of knowledge and innovation becomes public responsibility. In this way, public administrations become systems. adaptive systems can respond to changing requirements while maintaining trust and accountability. The theoretical framework of entrepreneurship in the public sector goes beyond traditional management approaches. Strategic entrepreneurship combines leadership, organizational learning and the ability to innovate as basic needs for creating public value. It is not a theory. It can be said to be an approach to modern management. Strategic entrepreneurship promotes flexibility in institutions, collaboration and a stable focus on the interest.

## **3. THE CONCEPT OF PUBLIC VALUE**

Public management today is about create value. Public value defines why public institutions exist and why they are allowed to act. The concept of public value notes that public organizations should do more than simply provide services; they should try to make a difference for the benefit of people, the economy, and justice (Moore, 1995; Benington, 2011). Over the years, it has grown to include digital tools, sustainable goals, and citizen participation in co-governance and policymaking. Public value arises from three related processes – how well services are delivered, how well institutions are trusted, and how well citizens trust them (Meynhardt, 2019). Together, these parts form a moving system. In this system, the success of governance is measured not by economic indicators, but by how public value improves the daily lives and builds the trust of citizens. From this perspective, strategic entrepreneurship works as a tool that allows public administration to create value by using new ideas, by working collaboratively and by planning ahead (Bryson et al., 2020). Recent research shows that public value comes from the work of people. This includes employees in government agencies, citizens, companies, universities and civil society groups. Bryson, Crosby and Bloomberg (2021) define the way we manage the ultimate changes from a system to a network of partners as creating public value. In this situation, the manager is no longer the only decision maker. He is now a co-participant. The public manager helps to build partnerships, encourages dialogue. Supports new ideas.

The relationship between entrepreneurship and public value builds a system called Public Value Management. It replaces the ideas of the New Public Management with a focus on mutual value creation and social responsibility. In this setting, entrepreneurial public leaders act as change makers. They can state missions, gather resources and build trust. They turn visions into results. From this perspective, strategic entrepreneurship provides a framework that allows public value to move from idea to real results for society. In the last few years, European practice has added frameworks for measuring public value. They try to measure the impact of policies and programs. The Public Value Measurement Framework, which the Treasury is introducing in the United Kingdom in 2020, examines how well public services are working by looking at processes such as transparency, sustainability and citizen satisfaction. From this perspective, the European Commission is using approaches within its Better Regulation and Open Government programs. They promote evidence-based decisions and drive performance in administrative processes (European Commission, 2022).

In Bulgaria, the concept of public value is not yet fully institutionalized. The principles of public value are manifested in government practices such as governance, digital public services and public-private partnerships (PPPs). The 2023 report of the Ministry of e-Government shows that the use of tools improves efficiency, transparency and trust in the administration. These three improvements correspond to the public value model. Strategic entrepreneurship does not only add value. It also provides the infrastructure that maintains this value over time. It can be confidently said that achieving public value is now a fundamental goal in modern governance. Strategic entrepreneurship is how it manifests itself in real work. Public value explains why the public sector exists. The concept of public value imposes the idea that the public sector should build trust and improve people's lives. Strategic entrepreneurship shows how to do this, using ideas and teamwork to achieve the public good.

#### 4. MECHANISMS OF STRATEGIC ENTREPRENEURSHIP IN THE PUBLIC SECTOR

Strategic entrepreneurship in the public sector uses a set of management tools that transform it from reactive to proactive and innovative. It does not use only tools, but related processes that allow public organizations to find opportunities, test new ideas and create lasting public value. Hartley (2021) points out that strategic entrepreneurship needs leadership, organizational culture and institutional support. Together, these provide the public sector with the ability to change.

Innovation management is the key mechanism. It brings ideas, new technologies and new management models to improve public services. According to an OECD report (2023), the public sector needs to become an innovation ecosystem. It encourages policy experimentation, innovation labs and co-creation of value with citizens. An example of this is the European Living Labs initiative. This initiative helps local administrations to test approaches in real life (European Commission, 2022).

The second mechanism is related to leadership and organizational culture. The entrepreneurial leader in the public sector is not just an administrator, but a visionary who inspires employees and coordinates networks of stakeholders (Hartley, 2021; Van der Wal, 2020). A culture of trust and open communication become a vital prerequisite Entrepreneurial thinking. Public organizations that encourage shared decision-making and learning from mistakes demonstrate higher adaptability and public performance.

The third mechanism encompasses **public-private partnerships (PPPs)** as a strategic tool for fostering innovation. PPPs combine the **resources and expertise of the private sector** with the **public accountability and legitimacy of government institutions**. Osborne (2020) argues that successful partnerships are built on a shared vision of public value and on mechanisms for long-term risk management. In the Bulgarian context, similar examples can be observed in the fields of **urban infrastructure, waste management, and digital municipal services**, where collaboration between local governments and private actors has produced measurable social benefits.

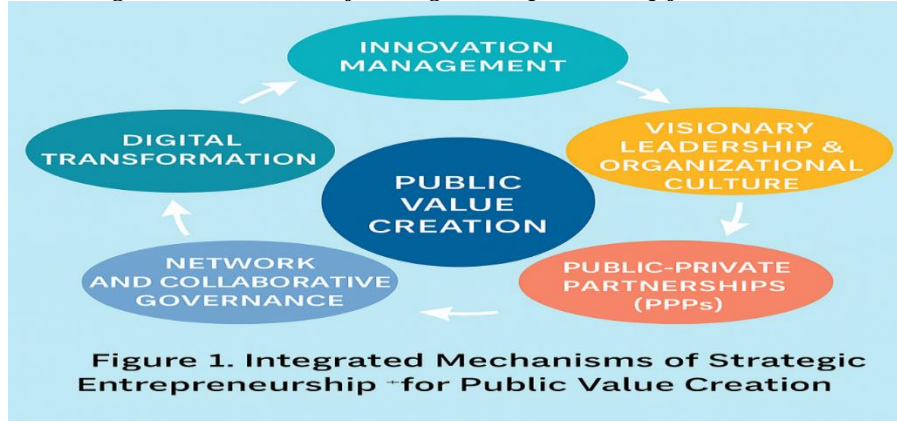
The fourth mechanism involves **network and collaborative governance**, which replaces traditional hierarchies with horizontal linkages between the administration, civil society, and business. As Torfing and Triantafillou (2021) note, modern public policies require *co-creation* and shared responsibility. Within this framework, strategic entrepreneurship serves as a **catalyst for collective action**, aligning diverse interests around a common public mission and promoting inclusive decision-making processes.

Finally, **digital transformation** functions as an accelerator of strategic entrepreneurship. It creates new opportunities for innovation through the use of **artificial intelligence, big data, and blockchain technologies**. The European Commission (2023) highlights that digital platforms enhance transparency, citizen participation, and efficiency in resource allocation. In Bulgaria, the **Ministry of e-Government (2023)** reports significant progress in this direction, including the introduction of automated administrative systems and open data infrastructures that improve accessibility and accountability.

All these mechanisms operate **synergistically**, building an organizational environment in which strategic entrepreneurship becomes not an isolated initiative but a **systemic characteristic of public governance**. When

applied consistently, they transform public administration into a **learning and innovative organization** capable of generating enduring public value. Thus, strategic entrepreneurship evolves beyond a managerial technique into a **culture of action**, one in which innovation, leadership, and collaboration intertwine in the service of the public interest. The Figure below, illustrates the integrated mechanisms of strategic entrepreneurship—innovation management, visionary leadership, public-private partnerships, network governance, and digital transformation, that collectively enable public administrations to create and sustain public value.

**Figure 1: Integrated Mechanisms of Strategic Entrepreneurship for Public Value Creation**



Source: Created by the author

## 5. FACTORS FACILITATING AND CONSTRAINING STRATEGIC ENTREPRENEURSHIP

The development of **strategic entrepreneurship** in the public sector depends on a complex interplay of institutional, organizational, cultural, and individual factors. These determinants can both facilitate and hinder the emergence of entrepreneurial thinking and behavior within public organizations. Understanding the balance between these enabling and constraining forces is crucial, as it determines whether the administration becomes a source of innovation or remains confined within bureaucratic inertia.

Among the primary **facilitating factors**, the presence of a **flexible regulatory environment** stands out. The European Commission (2022) emphasizes that regulatory regimes allowing experimentation and adaptability, such as *regulatory sandboxes*—create conditions for testing innovative solutions without the risk of sanctions. In this way, public institutions can implement new service delivery models based on digital technologies and data while maintaining accountability and transparency.

Another positive driver is the existence of **institutional support for innovation and entrepreneurship**. Research by Torfing and Triantafyllou (2021) shows that governments that establish innovation labs and strategic management units achieve higher levels of public effectiveness. In Bulgaria, similar trends are visible through initiatives of the **Ministry of e-Government** and local administrations that introduce digital innovations and training programs for civil servants (Ministry of e-Government, 2023).

A third facilitating factor is **leadership and managerial vision**. According to Hartley (2021), entrepreneurial leaders are those who create spaces for autonomy, learning, and risk-oriented thinking within public administration. They encourage employees to move beyond procedural routines while maintaining a strategic orientation toward the public interest. Empirical studies in the Nordic countries confirm that public organizations guided by visionary leadership demonstrate higher levels of innovation and institutional resilience (Andersen & Jakobsen, 2021).

Equally important are the **competence and motivation of public employees**, which are critical for the successful implementation of entrepreneurial practices. The OECD (2023) notes that administrations investing in training on strategic thinking, digital skills, and public service design achieve better results in creating public value. In this regard, Bulgarian universities and institutions have begun developing programs in **public entrepreneurship** and **innovative governance**, aiming to build a new type of managerial capacity adapted to the challenges of contemporary governance.

However, there are also several **constraining factors** that hinder the institutionalization of strategic entrepreneurship. The most significant among them is **bureaucratic culture**, deeply rooted in many public organizations, which discourages risk-taking and experimentation (Osborne, 2020). Rigid administrative procedures, centralized decision-making, and excessive control reduce flexibility and inhibit innovation. Another serious issue is the **lack of appropriate motivational mechanisms**. In many cases, the entrepreneurial initiatives of public servants

are not adequately recognized or rewarded, leading to professional demotivation and a tendency toward formal compliance rather than proactive engagement.

In addition, the **insufficient evaluation of outcomes and public value** remains a critical barrier. Without clear criteria and robust systems for measuring social impact, entrepreneurial initiatives often remain isolated and unsustainable. As Bryson, Crosby, and Bloomberg (2021) emphasize, public value governance requires not only innovation but also systematic accountability mechanisms that link entrepreneurial efforts to measurable social benefits.

In summary, strategic entrepreneurship flourishes where a favorable institutional framework, visionary leadership, and a culture of learning intersect. When these elements are absent, the innovative potential of public administration is replaced by rigidity and passivity. Consequently, the future of **public entrepreneurship** depends less on individual initiatives and more on the systematic development of environments that nurture **strategic creativity, organizational adaptability, and civic engagement**.

## 6. CASE STUDIES AND BEST PRACTICES

Good practices in the application of **strategic entrepreneurship** within the public sector can be observed both internationally and in Bulgaria. These examples demonstrate how the integration of entrepreneurial approaches into governance fosters innovation, enhances efficiency, and generates sustainable **public value**. They not only confirm the applicability of theoretical models but also illustrate the diversity of institutional and cultural approaches to achieving societal transformation.

### International Practices

In the **United Kingdom**, strategic entrepreneurship has been institutionalized through the *Public Value Framework* (HM Treasury, 2020), which serves as a tool for assessing the performance of public programs according to criteria such as long-term sustainability, transparency, and societal impact. This framework encourages public managers to think entrepreneurially, not merely to administer resources but to strategically direct them toward creating long-term value for citizens. A prominent example is the initiative of the *Government Digital Service (GDS)*, which has transformed the provision of public services online by applying principles of **agile governance** and **co-creation of value** (Cabinet Office, 2022).

Within the **European Union**, significant initiatives such as **social innovation missions** under the *Horizon Europe* program (European Commission, 2023) further institutionalize the entrepreneurial mindset in public governance. These missions aim to address complex societal challenges, including climate change, public health, and digital transformation, by integrating public, private, and academic partnerships. Thus, strategic entrepreneurship becomes an instrument for **collective public value creation** at the transnational level.

### Bulgarian Practices

In **Bulgaria**, strategic entrepreneurship is gradually taking shape through a series of governance reforms and initiatives. One of the most notable examples is the **National Recovery and Resilience Plan (NRRP)**, which includes an extensive package of reforms aimed at the **digitalization and innovation of the public sector** (Council of Ministers, 2023). The plan introduces integrated e-services, intelligent resource management systems, and policies to enhance digital competencies within the civil service.

At the **local government level**, the cities of **Sofia** and **Burgas** stand out as pioneers in **urban innovation**. *Innovative Sofia*, for example, coordinates smart city initiatives focused on energy efficiency, sustainable mobility, and open data (Sofia Municipality, 2023). In Burgas, the *Smart City Center* uses real-time data to manage traffic, waste, and public safety. Both examples illustrate how **strategic entrepreneurship at the municipal level** can create a new type of public value based on sustainability, transparency, and active citizen participation.

The common thread among these international and national examples is the combination of **strategic vision, experimental thinking, and commitment to the public interest**. They demonstrate that strategic entrepreneurship is not an abstract notion but a **practical governance model** that transforms how public value is conceived, created, and measured in modern administration.

## 7. CONCLUSION

**Strategic entrepreneurship in the public sector** has emerged as a key managerial paradigm that integrates innovation, strategic vision, and public responsibility into a unified model for creating public value. In today's dynamic and unpredictable environment characterized by digital transformation, global crises, and shifting societal expectations this approach enables flexible, sustainable, and results-oriented public policy.

The primary contribution of strategic entrepreneurship lies in its transformation of the very understanding of the role of the state and public administration. Public organizations are no longer seen merely as executors of regulatory mandates but as **active architects of societal change** (Hartley, 2021). They develop the ability to anticipate future

challenges, utilize data and technology for evidence-based decision-making, and engage citizens in the co-creation of value.

As demonstrated throughout the preceding analysis, strategic entrepreneurship is operationalized through a set of interconnected mechanisms—**innovation management, visionary leadership, public-private partnerships, network governance, and digital transformation**. These mechanisms create an institutional environment that allows public administration to be simultaneously stable and adaptive to maintain accountability and predictability while fostering experimentation and learning. At the same time, they consolidate **public value** as a key measure of governance success, shifting the focus from administrative procedures to tangible social outcomes.

In the **Bulgarian context**, strategic entrepreneurship is gradually gaining ground, particularly through initiatives under the **National Recovery and Resilience Plan**, the expansion of **e-government**, and **municipal innovation** projects (Council of Ministers, 2023). Nevertheless, several challenges remain—rooted in bureaucratic culture, insufficient motivational mechanisms, and the absence of systematic public value assessment. Overcoming these barriers requires long-term political commitment, investment in human capital, and institutional incentives for innovation.

From a **theoretical perspective**, strategic entrepreneurship can be viewed as a bridge between the three major governance paradigms: **Traditional Public Administration (TPA)**, **New Public Management (NPM)**, and **Public Value Governance (PVG)**. It draws from the first paradigm legitimacy and public accountability; from the second, efficiency and performance orientation; and from the third, a vision of social sustainability and collaborative governance (Bryson et al., 2021). This integrative nature allows strategic entrepreneurship to function as a **strategic framework for public sector transformation**.

The **practical recommendations** derived from the analysis can be summarized in three key dimensions:

1. **Political and Institutional Level** – Establishing stable policies that promote innovation, digitalization, and public entrepreneurship; developing systems for evaluating public value; and integrating strategic entrepreneurship into national and municipal development strategies.
2. **Organizational Level** – Strengthening leadership competencies, fostering a culture of continuous learning, and encouraging experimentation through innovation laboratories and cross-sectoral partnerships.
3. **Educational Level** – Introducing academic programs and professional training initiatives aimed at cultivating entrepreneurial thinking among future public managers.

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