

Democratic Governmental Corporate Entrepreneurship for the Transformation of the Public Sector in the Balkan Region

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Abstract. Democratization can be defined as the autonomy of decision-making and unbiased contribution, and access to data and information. Therefore, public sector democratization can give more liberty to the public sector employees to trigger original viewpoints that can initiate a more innovative and ambitious-driven work environment. Such democratization can create governmental, corporate entrepreneurship where public servants can explore entrepreneurial opportunities. The process is similar to knowledge-based business transformation, where organizational culture needs to change to achieve better use of knowledge and human resources management. In this paper, such a modification will be adopted by implementing a Holistic Model for governmental entrepreneurship, by integrating the Kotter's Model for change management, the Self-determination Theory for employee motivation, and Democratic Governmental Intrapreneurship Model (DeGIM) for knowledge management. The paper is based on data and information from the Balkan's region public sector and sets the base for future adaptation elsewhere.

Keywords: Public Sector · Business Transformation · Organizational Culture · Self-Determination · Company Democracy Model · Kotter Model · Change Management · Knowledge Management · Innovation · Corporate Entrepreneurship · Balkan Region

1 Introduction

The public sector's effectiveness in terms of innovative and effective services has been questioned over the years, and much research has been done studying it. This paper belongs in this category as it examines, analyzes, and attempts to deliver a process framework for the democratization of the public sector towards achieving governmental / corporate / entrepreneurship and support its transformation by empowering its

operations with the utilization of its human intellectual capital. This research is based on data from the Balkan region and targets its challenges.

On such an attempt, specific issues must be considered on such an organizational / government transformation. One can be the private sector's size compared to the public sector in terms of employment, which in the Balkan region reaches 24,8% [1] while in the other areas it is nearly double. In China, almost 50% of the workforce is involved in the public sector, 3% in Japan, 17% in the US, 28% in Greece, and 31% in Germany [2]. Another issue is the effectiveness of the public sectors directly impacting the present status and the future of a country. Insufficient and bureaucratic public sectors effect the percentage of youth emigration, also known as "brain-drain," as they look outside Balkan countries for better opportunities with well-established governmental procedures [3].

Moreover, the political systems in place are not focusing on the betterment of the public sector but rather on big organizations' gains and profitability. Notably, this brings other notions like corruption, mediocracy, oligarchy, etc., which are very relevant in today's Balkan governments. Furthermore, the lack of economic development in the area applies to the public sector's missing improvements, which depends on ethnocultural factors as well [4]. Additionally, factors like low wages, no decision-making opportunities, no autonomy, and extreme ruling drive people further away from considering public sector careers.

2 Public Sector Challenges in Knowledge Management

Besides the organizational challenges, there are also several knowledge-based challenges the public sector faces when effectively delivering services and accomplishing citizens' needs. Most importantly, it is the knowledge waste in the sense of the lost opportunities to learn from a situation [5]. In this case, knowledge waste is related to the loss of practical knowledge from all public servants, especially from the educated youth. Brain-drain is one of these phenomena, proving how skilled and knowledgeable younger generations migrate for better work opportunities and living standards outside their own country.

Other factors, like public vs. private sector wage differences, contribute more to professional knowledge distribution. As public-private wage differences are still very volatile and under the impact of countries' political decisions [6], knowledge will be directed to those who pay for it. Therefore, no government intervention to alleviate public sector wages creates another big gap where understanding cannot be applied in practical work. People would not prefer being employed in the public sector.

3 Research Methodology, Methods, and Results

The research results have been derived from academic primary and secondary research based on an international literature review, a survey with 103 participants, and 4 interviews with experts in the public administration sector in the Balkan region. Furthermore, statistical data from 11 Balkan countries have been gathered and analyzed

under Hofstede's cultural dimensions to determine the cultural, social, and ethnographic factors that impact the utilization of the human intellectual capital in the public sector.

This research's key findings are the high numbers of public servants and the high numbers of brain-drain over the last decade. Statistical evidence indicates that the average percentage of people working for the Balkans' public sector is 24.8% of the whole population (Table 1). On the other hand, the analytical data focuses on the governments' misdoings leading to other, very relevant concepts like bureaucracies, corruption, nepotism, lack of meritocracy, bribery, embezzlement, etc. Nearly 53% of the respondents did not consider a career in the public sector because of low salaries, political instability, low talent acquisition, no growth opportunities, extreme top-down hierarchies, and other issues. Furthermore, 17.5% were not sure about the public sector efficiency. The correlation indicates a lack of effectiveness in the public sector operations, which is reflected in the society and impacts the brain-drain phenomenon.

Table 1. Country workforce employed in the public sector.

| Balkan Countries | Balkan Countries |
|-------------------------|-------------------------|
| Albania | 16.6% |
| Bosnia and Herzegovina | 30.2% |
| Bulgaria | 24.5% |
| Croatia | 31.7% |
| Greece | 20% |
| Kosovo | 32.6% |
| Montenegro | 30.4% |
| North Macedonia | 22.4% |
| Romania | 15.3% |
| Serbia | 28.4% |
| Slovenia | 20.9% |
| Average | 24.8% |

4 Towards a Public Sector Entrepreneurial Culture

A potential solution to solve the problem of knowledge democratization in the public sector of the Balkan region can be the creation of the public sector entrepreneurial culture with the integration of three management models; Kotter's Model, Self-Determination Theory, and the DeGIM [7], a version of Company Democracy Model [8] focused on governmental intrapreneurship, for governmental entrepreneurship. Such a culture can be implemented with the contribution of each model.

Specifically, Kotter's Model for change is an X theory type more suitable for change management in the public sector due to its resistance to change [9]. It can effectively implement the change needed through steps that 'enforce' employees to develop and innovate [10].

The Self-Determination Theory is a macro tool that helps drive public workers' intrinsic motivation along with three crucial determinants: autonomy, competence, and relatedness. Employees who intrinsically experience these determinants can foster volition, inspiration/motivation, and engagement/commitment that can successfully result in persistence, creativity, and enhanced workplace performance [11].

The Democratic Governmental Entrepreneurship Model (DeGIM) derives from the Company Democracy Model to be applied in the transformation of the public sector culture and its processes through public servants' motivation to operate autonomously with their knowledge contributions on decision-making and project implementation [7].

Hence, the three models' integration covers variable factors of change in the public sector to foster the right mindset for creating an entrepreneurial culture.

5 The Holistic Government Corporate Entrepreneurship Model (HGCEM)

The Holistic Governmental Corporate Entrepreneurship Model (HGCEM) approaches the governmental entrepreneurship challenge holistically, emphasizing the knowledge creation and utilization, organizational change culture, and employee self-confidence. HGCEM is built around the Democratic Governmental Intrapreneurship Model (DeGIM) with the Kotter's Model and the Self-Determination Theory to support the six-level DeGIM evolutionary process model. The pyramid of this holistic model (HGCEM) divides the DeGIM into three major knowledge zones: the Knowledge Awareness Zone, the Action Implementation Zone, and the Results Utilization Zone. The three zones reflect the McKenzie innovation space horizons' transformation with the Company Democracy Model for corporate entrepreneurship for democratic knowledge-driven innovation [12].

Each of these zones contains two levels of the DeGIM. In levels 1 and 2 (Knowledge Awareness Zone), democratic culture is promoted to utilize this as an environment for growth. In levels 3 and 4 (Action Implementation Zone), the public servants' knowledge implementation is recognized as an achievement due to organizational productivity and innovation. In the last two levels (Results Utilization Zone), the goal for shared value and governmental intrapreneurship is achieved by deploying the organizational knowledge in the society with social innovations.

The integration of the Kotter's Model for organizational change to the DeGIM provides the mechanism to manage resistance to change and to enforce the adaptation of governmental, corporate entrepreneurship. The steps of the Kotter's Model (Fig.1) are divided into the DeGIM zones to address the goal of each zone.

The first three steps of the Kotter's Model, where a change plan is created through the immediate call for urgency [10], correspond to the Knowledge Awareness Zone as people need to be aware of the current situation and the necessary improvements that must be done for the organization to survive and keep on with its operations. The second three steps of the Kotter's Model correspond to the Action Implementation Zone, where the communication and the implementation of the change of the plan occur with the first visible results that indicate the effectiveness of the change plan. The Kotter's Model last two steps, where the outcomes of the change are deeply rooted in the employees' mindset, and the organization's ideology and new operations correspond to the Results Utilization Zone, where reinforcement and improvement actions take place for the organization to sustain the new reality.

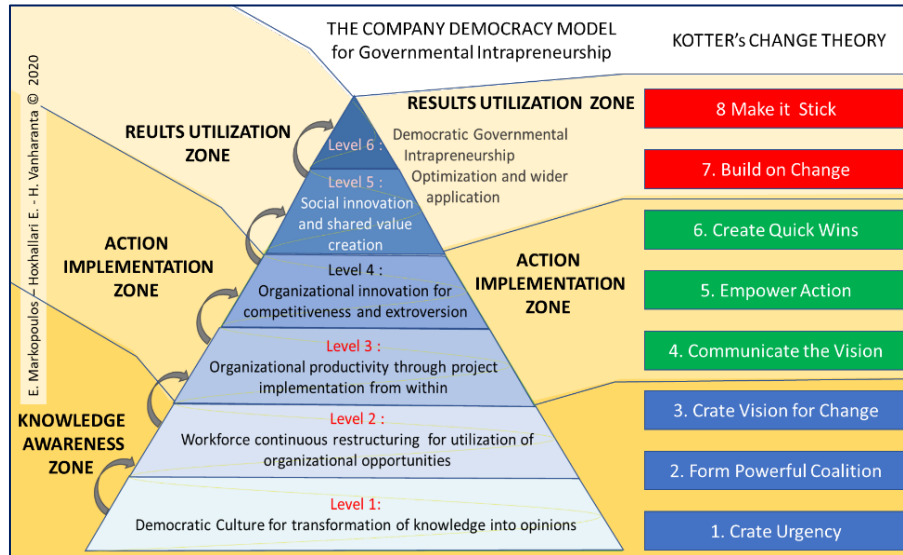


Fig. 2. Integration of the Kotter's Change Model with the DeGIM in the Knowledge Zones.

Furthermore, the Self-Determination Theory (SDT) elements are distributed in the DeGIM levels to indicate the DeGIM activities' correlation with employee-centered concepts. Since SDT is based on workers' intrinsic motivation through the 'experience' of autonomy, competence, and relatedness [11], the first STD element is related to the Knowledge Awareness Zone of the DeGIM. It is the element where the employee's experience is identified and utilized in an awareness environment through democratic organizational culture and knowledge support processes.

The second SDT element promotes the fostering of employee engagement, volition, and motivation. This is aligned directly to the Action Implementation Zone, which practically supports how the determination is a primary factor motivating employees to act. The DeGIM levels, in this case, also reflect the practical implementation of the employee's knowledge into actual products, services, and innovations.

The third STD element, related to the results of the previous activities and stages' efforts, emphasizes the continuous persistence, creativity, and enhanced performance for the results to be utilized effectively and continuously. The DeGIM levels, in this case, reflect this goal with the creation of social innovation for shared value creation that can benefit the public servants (employees), the public organization (company), and the citizens above all (market).

The integration and the relationship of the three models that form the Holistic Government Entrepreneurship Model are presented in Figure 2.

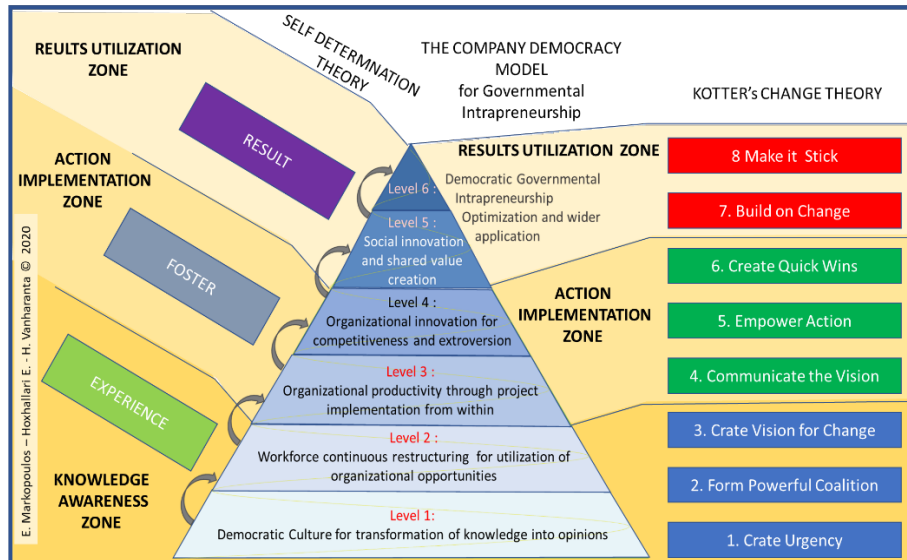


Fig. 2. Holistic Government Entrepreneurship Model (HoGCEM).

6 Impact of the HGCEM in the Public Sector

The introduction of a new democratized working environment in the Balkan area's public institutions can attract ambitious, creative, and positively committed public servants seeking to utilize the freedom to think and practically act within a public organization creatively. For such new and existing public servants, the model can support them to undergo a change management stage that will make them more experienced in responsible decision-making and autonomous task and risk management.

Furthermore, corporate entrepreneurship can become part of the public sector practices, which can develop employees' skills and incentivize their innovation capacity. The model introduces the idea that innovation and entrepreneurship can exist in the public sector and all the career development opportunities available in the private sector organizations and startups.

Democratizing knowledge management in the public sector public organizations can reduce bureaucracy and build customer and business relationships as needed in any economy. However, this can be attained if the government changes or adjusts statutes, regulations, and strategies to boost talent acquisition to implement such transformation strategies. Knowledge democratization in the Balkan region's public sector can be a push factor in terms of growing the efficiency and effectiveness of the processes while allowing public servants to concentrate more on shared value outcomes that will improve the citizens' life quality, productivity, and performance.

Such an impact can reflect on the brain drain crisis by rebuilding the trust of the citizens and in the government, but also create brain-gain employment opportunities, especially for the younger generation who has attained higher education abroad.

7 Limitations of the HGCEM Model

Several limitations can be highlighted on the HGCEM Model that restrict its potentiality mostly due to the degree of effectiveness of the models that compose it in the public sector. Initially, the Kotter's Model brings a significant focus on the importance of change agents, who are quite critical for the transition period. However, it does not take into consideration internal factors such as the permanent roles public servants have and the lack of job security that exists in the public sector. Likewise, the Self-Determination Theory is not an unarguable theory with the total industry acceptance. Many argue that Maslow's Hierarchy can be more accurate in terms of motivators of human behavior or other fundamental human needs [13], [14].

Lastly, the CDM can also be argued to present some limitations, but rather in terms of implementation. Because it is quite a demanding model in terms of democracy, transparency, and equal opportunities, it can be very challenging to convince governments or other institutions to implement it in their system, especially taking into consideration the level of corruption and political instability in the specific regions. Furthermore, the holistic model remains within the theoretical boundaries and does not yet have any practical implications which could prove the model's effectiveness.

8 Areas of further research

The limitations of the proposed solution can be the driving force for further research covering uncontrolled, external factors not taken into consideration during the development of the model. Other frameworks like the McKinsey 7s Model can help prove how shared values can affect public systems, their strategies used, and skills required for employees [15]. Also, the notion of public sector democratization itself does not have a specific definition, which opens space for further research on this context.

Additionally, more research can be conducted in terms of public sector employment legislation for such practices to be adapted. If governmental institutions cannot suggest, or impose, if needed, in periods of crisis, business transformation practices for the organization's survival and the economy, then such models have no practical use in such governments. Therefore, further and extensive research on studying the morphology of the public sector in terms of ability and willingness to change is crucial. This research can extend to governments that have acted upon public institutions' democratization and actives concerning social and economic prosperity.

Lastly, the HGCEM Model can and shall be developed from the Geo-Entrepreneurial dimension where governmental services can be outsourced or subcontracted in areas or other governments where the expertise and the willingness to deliver them innovatively exists [16].

9 Conclusion

Knowledge management has always faced challenges in the elicitation and the implementation stages. Knowledge exists everywhere, especially in people, regardless

of their education, skills, professional or social status. The democratization of knowledge management is a modern management trend driven by ethical and moral management principles that promote equal opportunities for all who feel they possess knowledge and wisdom.

The adaptation of democratic driven knowledge management frameworks indicates continued and impressive success in the private sector, but the challenge is their adaptation in the public sector. With 1/3 of the global workforce employed in the public sector, any improvement can be considered massive for the worldwide economy. However, the public sector challenges that range from corruption to permanent employment and surreal benefits of the public servants restrict the government's fair contribution in the global economic development efforts.

The Holistic Government Corporate Entrepreneurship Model (HGCEM) uses the Kotter's Model as the base for organizational change and the DeGIM as the base for knowledge management. As both models are staged, alignment has been made between the Kotter's stages and the DeGIM's stages to drive this culture transformation process towards government-corporate entrepreneurship. Furthermore, the Self-Determination Theory act as an internal driver of human motivation for public servants. It also aligned with the other two models forming a tryptic of processes for the successful adaptation of the model.

This paper attempted to propose HGCEM as a solution and focused initially on research data and information from the Balkan region that indicate lack of democratization for governmental entrepreneurship for motives such as corruption, lack of meritocracy, institutional bureaucracy, etc. However, this might not be the only region with such challenges. Therefore the model can be considered helpful and food for thought for other geographic areas with similar conditions and situations.

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