

Lessons of Corporate Entrepreneurship for Motivating Public Sector Employees

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Principal Topic

This paper aims to contribute to the field of public entrepreneurship by addressing the question of what can public sector organizations learn from corporate entrepreneurship to create a more motivating work environment. The study develops a scale developed to measure key organizational work environment factors that influence employee discretionary work effort behaviours in public organizations. In doing so, it uses concepts from Morris & Douglas (2005; 2004) and expands on the work of Eisenhauer (1995) and Douglas & Shepherd (2000) by further unpacking the perceived psychic benefits and costs of working conditions associated with employment.

While the relevance of corporate entrepreneurship to the public sector has been questioned (Terry, 1993; Frederickson, 1997 for example), the need for public organizations to be more entrepreneurial is also strongly espoused (Bellone & Goerl, 1992; Osborne & Gaebler, 1994; Morris & Jones, 1999). Today public institutions are perhaps in greater need of corporate renewal than many large established private sector firms. In the face of tight fiscal constraints, rising public demands and tight labour market conditions, new ways of acquiring revenues, combining resources, retaining talented employees and achieving better outcomes within statutory constraints are needed. This study supports the view that valuable lessons can be learned from corporate entrepreneurship in assisting public organizations to be more responsive and to provide higher quality public services.

To find ways of doing business better public organizations need to not only foster entrepreneurial behaviours amongst their employees but also more generally motivate greater discretionary work effort, that is voluntary effort above and beyond what is minimally required for the benefit of the organization. The importance of contextual factors in influencing entrepreneurial behaviour at both the organizational and individual levels is well documented in the entrepreneurship literature (e.g. Hornsby, Kuratko & Zahra, 2002; Amabile, 1996; Zahra, 1993; Covin & Slevin, 1991; Kuratko, Montagno & Hornsby, 1990; Kant, 1988). The study focuses on how to create an internal environment to better motivate employees to contribute greater levels of discretionary effort, which includes initiative and proactive behaviours. As its emphasis is on individual level behaviour within organisations, this study follows the approach to corporate entrepreneurship used by Kuratko, Hornby and others (1990, 1993, 2002) which uses the "initiative from below" definition of corporate entrepreneurship (Vesper, 1984) to develop a measure for an effective internal entrepreneurial corporate environment.

Methodology/Key Propositions

Drawing on the corporate entrepreneurship literature, this study postulates that individuals in the public sector commonly perceive autonomy, challenge, co-worker support, entrepreneurial leadership and an entrepreneurial work climate as important sources of utility, and time/resource constraints, dictatorial leadership, co-worker shirking and a bureaucratic organisational climate as irksome thereby sources of disutility. It proposes that the factor structure of the motivating work environment scale will reflect these key dimensions. This proposition is tested within the local government context of the public sector.

This empirical study employs qualitative and quantitative research methods to develop a new organization's work environment for motivating discretionary work effort measurement scale. A thematic analysis of 35 in-depth interviews is conducted to test and confirm the core themes drawn from the literature. A measurement instrument comprising 141 items around these core themes is then designed with the items formatted on a 7-point scale. The instrument is tested on a sample of 2288 managerial and non-managerial employees across

12 local governments using a self-administered survey with 585 usable responses used in the resulting analysis. The sample comprises a diverse group of employees including professional, clerical and blue-collar workers. Using an approach comparable to that commonly used in Q-sort procedures of expert panels to categorise items for content validity, a set of decision rules is established for designating individual scale items as being commonly perceived as a source of psychic satisfaction (perks) or dissatisfaction (irks). Factor analysis is then conducted on these items to identify the factor structure of the motivating work environment measure. The internal consistency of the resulting factors is then assessed.

Results and Implications

The postulated sources of psychic satisfaction and dissatisfaction drawn from the literature are largely reinforced by the themes that emerge from the qualitative analysis although with varying degrees of emphasis. Challenging and meaningful work, flexibility and autonomy, recognition & reward, co-worker support and leader/manager support are key motivators and a dictatorial leader/manager and co-worker shirking are key demotivators that emerge. These key elements of the work environment are also key dimensions in the factor structure of the motivating work environment measure resulting from the factor analysis of the quantitative data. Each factor has an acceptable level of internal reliability as measure by Cronbach's alpha. Of the nine key work environment factors postulated to be key sources of utility/disutility, only resource/time constraints is not supported.

This study makes two main contributions to the field of entrepreneurship. Firstly, it develops a new measurement instrument for assessing the extent to which the organizational work environment motivates employees to contribute discretionary work effort. Secondly it extends the under-researched field of public entrepreneurship by increasing our understanding of what key elements of the entrepreneurial corporate environment foster motivation amongst public sector employees. These findings have important implications for enhancing our understanding of (i) the determinants of individual discretionary work effort; (ii) the potential relevance of corporate entrepreneurship to the public sector; and (iii) how public sector managers might develop strategies for transforming their entities into better performing organizations by creating a more highly motivated workforce. The limitations of this investigation are outlined and future research directions discussed.

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