

# Are inter-municipal associations the new entrepreneurial nest?

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International  
Journal of Public  
Sector  
Management

## Abstract

**Purpose** – Public sector entrepreneurship has attracted increasing scholarly attention as a driver of innovation, collaboration, and public value creation. While existing research has conceptualized entrepreneurial orientation and public sector entrepreneurship, limited empirical evidence explains how entrepreneurial governance is enacted and institutionalized through the relational and processual dynamics of inter-municipal collaboration, particularly among small and medium-sized municipalities. This paper addresses this gap by examining how entrepreneurial governance develops through inter-municipal collaboration, with local innovation and resilience as analytically significant dimensions constructed through the interpretive analysis of the data.

**Design/methodology/approach** – The study employs an exploratory, qualitative, single-case design, focusing on an inter-municipal initiative coordinated by Alpha Municipality in Southern Italy. Data were collected through 15 semi-structured interviews, triangulated with documentary analysis. The material was analyzed using Reflexive Thematic Analysis, with findings organized through a Gioia-style data structure as a communicative tool.

**Findings** – The findings identify three overarching dimensions of entrepreneurial governance: Entrepreneurial Orientation in Governance, Collaborative Capacity Building, and Community Engagement and Resilience. Entrepreneurial orientation manifests as a collective governance capability rather than an individual or market-driven disposition. Inter-municipal collaboration functions as a dynamic capacity-building mechanism that fosters institutional learning, coordination, and trust, while community engagement operates as a co-creative process that enhances legitimacy and territorial adaptive capacity. Four propositions are advanced to guide future research.

**Originality/value** – The study advances an integrated understanding of entrepreneurial governance by bridging public sector entrepreneurship, collaborative governance, and public service ecosystem perspectives. Unlike prior work that has examined inter-municipal collaboration (IMC) primarily for its administrative and fiscal effects, this study empirically reconstructs the capability-building mechanisms through which IMC generates entrepreneurial governance.

**Keywords** Community, Public sector entrepreneurship, Intermunicipal cooperation, Entrepreneurial governance

**Paper type** Research article

Received 31 December 2025  
Revised 8 April 2026  
17 May 2026  
2 June 2026  
Accepted 2 June 2026

## 1. Introduction

Entrepreneurship has become an increasingly relevant analytical lens in public administration research, offering insights on how public organisations respond to growing complexity, resource scarcity, and societal expectations. Drawing on the concept of entrepreneurial orientation (EO), earlier studies have emphasized that innovativeness, proactivity, and risk-taking can also be characteristics of public organizations and their managers (Miller, 1983; Covin and Slevin, 1991; Kearney *et al.*, 2009). More recent contributions have shown a progressive move beyond individualistic and firm-centred interpretations, with an emphasis on public sector entrepreneurship as a collective and institutional phenomenon embedded in governance arrangements and inter-organizational networks (Osborne and Brown, 2011; De Vries *et al.*, 2016). Meanwhile, research on collaborative governance and public service ecosystems has demonstrated that public value creation increasingly emerges from the

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International Journal of Public Sector  
Management  
Emerald Publishing Limited  
e-ISSN: 1758-6666  
p-ISSN: 0951-3558  
DOI 10.1108/IJPSM-12-2025-0677

interaction, co-creation, and coordination of multiple public, private, and civic actors, rather than from hierarchical control alone (Osborne, 2010; Bryson *et al.*, 2017; Osborne *et al.*, 2021). Together, these streams suggest that public sector entrepreneurship is closely intertwined with governance capabilities, collaboration, and engagement, particularly at the local level.

Despite this growing body of literature, there is still limited empirical understanding of how entrepreneurial principles are enacted and sustained within concrete public governance arrangements. While conceptual work has clarified the relevance of entrepreneurship beyond market-based logics, empirical studies often focus on either individual leadership traits or isolated organisational outcomes. This means that the collective, relational, and processual dynamics through which entrepreneurial governance develops are under-explored (Hartley, 2018; Ongaro and Ferlie, 2020).

This gap is particularly relevant in inter-municipal contexts, where small and medium-sized municipalities often have limited structural capacity and depend on collaboration to innovate, access resources, and build resilience. Despite evidence that inter-municipal cooperation can improve coordination and efficiency, research on how it can be used as a tool for entrepreneurial governance remains limited, connecting strategic orientation, collaborative capacity, and community engagement (Noda, 2023; Cristofaro *et al.*, 2024). Addressing this gap is important not only for advancing theory development but also for informing policymakers and practitioners who seek to strengthen local governance capabilities in constrained environments. Unlike prior studies that have examined inter-municipal cooperation primarily for its administrative and fiscal effects, or that have theorised entrepreneurial governance without empirically tracing the processual mechanisms through which it is built, this study contributes an in-depth empirical reconstruction of how entrepreneurial governance is developed and sustained through inter-municipal collaboration.

This paper examines how entrepreneurial governance develops through inter-municipal collaboration, specifically, how the relational and institutional mechanisms underpinning this process are constructed and sustained over time. The study addresses the following research question: How does entrepreneurial governance develop through inter-municipal collaboration?

To answer this, an exploratory qualitative case study of an inter-municipal initiative coordinated by Alpha Municipality is adopted. Drawing on public sector entrepreneurship, collaborative governance, and public service logic as orienting frameworks, the study analyzes how entrepreneurial governance develops in practice. Consistent with the inductive orientation of the methodology, the three dimensions that characterize this process — the collective enactment of entrepreneurial orientation, the capacity-building role of collaboration, and the constitutive function of community engagement — were constructed through the interpretive analysis of the data. The study advances four theoretically grounded propositions and offers practical implications for public managers and policymakers seeking to strengthen local governance capabilities through inter-municipal collaboration.

### *1.1 Theoretical background*

*1.1.1 From entrepreneurial orientation to public sector entrepreneurship.* The concept of Entrepreneurial Orientation (EO) has long served as a lens to explain organizational innovativeness, proactiveness, and risk-taking (Miller, 1983; Covin and Slevin, 1991; Lumpkin and Dess, 1996). As Miller (1983, p. 770) defined, EO reflects how an organization “engages in innovation, undertakes risky ventures, and acts proactively to outperform rivals”. Early attempts to conceptualize entrepreneurship in the public sector largely relied on the notion of public entrepreneurial orientation, emphasizing behavioral dispositions of public managers and organizations toward innovation and opportunity-seeking (Morris and Jones, 1999; Kearney *et al.*, 2009).

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However, when transposed to the public domain, entrepreneurship cannot be understood in market or competitive terms. Transferring EO to public administration requires a shift from profit-oriented performance toward public value creation and legitimacy (Moore, 1995; Hartley, 2018). This involves “*the pursuit of opportunity in the creation of public value under conditions of resource constraints and political accountability*” (De Vries et al., 2016; Demircioglu and Audretsch, 2017).

For this reason, the more mature literature has progressively replaced the idea of “public EO” with that of Public Sector Entrepreneurship (PSE), which emphasizes institutional and collective action rather than firm-like competition (Osborne and Brown, 2011; Bryson et al., 2014). Instead of focusing solely on entrepreneurial attitudes, PSE conceptualizes entrepreneurship as a process embedded in public institutions, governance arrangements, and inter-organizational networks. A widely adopted definition outlines PSE as “*innovative, risk-taking and proactive behaviors in the public sector that generate public value and improve service performance*” (Kearney et al., 2009, p. 37; see also De Vries et al., 2016; Demircioglu and Audretsch, 2017).

This collective and institutional character of PSE has direct implications for how leadership is conceptualized. Rather than relying on isolated “*heroic managers*”, PSE requires public leaders who act as institutional entrepreneurs, actors who reshape collaboration, realign organizational interests, and establish the practices and routines through which innovation becomes legitimate and reproducible (Battilana et al., 2009; Bryson et al., 2014; Hartley et al., 2019). The analytical focus shifts from individual traits to collective capacity: the question is not whether a specific manager is entrepreneurial, but whether the overall governance arrangement fosters the conditions for sustained public innovation.

This reframing has prompted more recent contributions to specify the governance capabilities that characterize PSE in practice. Vivona (2024) identifies three specific capabilities: *renewal*, the ability to challenge bureaucratic inertia and foster strategic adaptation (Ongaro and Ferlie, 2020); *resilience*, the capacity to maintain functionality and purpose under uncertainty by developing and sustaining capabilities to cope with policy changes and environmental turbulence (Vivona, 2024); and *resourcefulness*, the creative pursuit of opportunity beyond existing resources, reinterpreted in the public sector as “*doing better with less*” (Singla et al., 2018; Roberts, 1992; Bryson et al., 2014; Kattel et al., 2019). Complementing this view, Cristofaro et al. (2024) describe PSE as an ecosystem-based process through which public actors recombine resources across organizational and institutional boundaries to co-create innovation and public value. Together, these contributions portray PSE not as a disposition held by individuals but as a systemic capacity built through collaboration, learning, and engagement, a capacity that must be constructed and maintained at the governance level.

Yet this governance-level reframing carries an unresolved tension. While PSE scholarship has convincingly argued that entrepreneurial capability is collective rather than individual (Bryson et al., 2014; Cristofaro et al., 2024), and while recent contributions have advanced understanding of the institutional arrangements that support public innovation and entrepreneurial action (Chen and Audretsch, 2025; Favoreu et al., 2025), the question of how such collective capability is actually constructed — through what relational mechanisms, institutional routines, and inter-organizational processes it emerges and stabilizes over time — remains only partially specified. Consistent with Chen and Audretsch’s (2025) recent emphasis on the structural conditions enabling public entrepreneurship, this gap between the theoretical claim that entrepreneurship is collective and the empirical specification of how it becomes collective is where the present study intervenes.

It is precisely this governance-level dimension of PSE that the concept of entrepreneurial governance aims to capture. If PSE describes *what* public organizations pursue (innovation, resilience, and resourcefulness) through collective action, entrepreneurial governance describes *how* they pursue it: by transforming interdependence into territorial innovation through the coordination of initiatives, actors, and resources toward shared local development

objectives (Flora *et al.*, 2018; Frare *et al.*, 2020; Sotarauta, 2016). The “entrepreneurial” element here does not align with business logic but rather with the orchestrating capacity of public administrations, which entails building coalitions, authorizing experiments, translating collective visions into viable projects, and managing risk in a manner compatible with democratic accountability and legal constraints (Hartley, 2018).

This orchestrating capacity presupposes an institutional environment that enables rather than constrains it, which is what NPG provides. The shift from New Public Management (NPM) to New Public Governance (NPG) is precisely a shift from efficiency-oriented, hierarchical control (Hood, 1991; Osborne and Gaebler, 1992) to trust-based, multi-actor coordination in which interdependence is recognized as constitutive of governance rather than a problem to be managed (Osborne, 2010; Bryson *et al.*, 2017). Within this environment, PSE operates through what Kattel *et al.* (2019) term the “*innovative bureaucracy*”, a public organization that remains rule-based yet flexible enough to accommodate experimentation, learning, and adaptation. The three frameworks thus constitute a coherent analytical sequence: EO provides the behavioral foundation, the disposition toward innovation, risk-taking, and proactiveness; PSE reframes these traits as collective governance capabilities oriented toward public value; and NPG provides the institutional environment in which entrepreneurial governance materializes through multi-actor collaboration. This sequence marks a conceptual transition from individualistic to systemic understandings of public innovation.

Despite this conceptual progress, a crucial empirical question remains unresolved: the structural mechanisms by which entrepreneurial governance is actually built and sustained across organizations, over time, and in concrete local settings remain poorly understood.

*1.1.2 Entrepreneurial governance through collaboration, inter-municipal cooperation and co-creation.* The analytical framework developed in the preceding section, grounded in EO, PSE, and NPG, identifies the behavioral and institutional conditions for entrepreneurial governance but does not yet specify the structural mechanism through which it operates at the local level. New Public Governance and Governance Network Theory (GNT) conceptualize public action as the coordination of interdependent actors within horizontal decision-making environments, characterized by negotiation, trust, and mutual adaptation rather than hierarchical control (Osborne, 2010; Klijn and Koppenjan, 2016; Bryson *et al.*, 2017). In this view, “*collaboration is not ancillary to governance, it is governance itself*” (Bryson *et al.*, 2017, p. 645). The relationship between NPG and GNT is complementary rather than redundant. In particular, NPG describes the normative shift toward pluralist, trust-based governance, while GNT provides analytical tools to examine how governance networks are organized, sustained, and managed (Klijn and Koppenjan, 2012). Together, they establish that entrepreneurial governance does not occur within single organizations but across networks of interdependent actors who jointly produce innovation through shared leadership, joint learning, and experimentation (Sørensen and Torfing, 2017).

Inter-municipal cooperation (IMC) represents a paradigmatic instance of such governance networks, in which municipalities pool resources, share expertise, and jointly design policies beyond individual capacities (Hulst and van Montfort, 2012; Steiner *et al.*, 2016; Noda, 2023). The existing literature has established that IMC generates administrative and fiscal benefits. Noda (2023) demonstrates that it produces horizontal effects - coordination, learning, and reduction of duplication - and vertical effects - alignment with regional programs, and access to funding. In these arrangements, public leaders act as network orchestrators, aligning incentives, facilitating trust, and ensuring the continuity of initiatives (Bryson *et al.*, 2014; Hartley, 2018) - activities the literature explicitly qualifies as entrepreneurial (Pages *et al.*, 2003). What the literature has not yet examined, however, is how these arrangements function as sites of entrepreneurial governance development, specifically how IMC actually builds the relational and institutional capabilities, shared leadership practices, inter-organizational trust, and collective learning routines that allow municipalities to act entrepreneurially over time. The distinction is important because showing that IMC enhances coordination is not the same

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as elucidating how it builds governance capabilities that promote sustained innovation. It is this second, less-explored aspect that drives the current study.

This limitation is not merely incidental but structural. Collaborative governance models, including life-cycle perspectives that trace the evolution of collaborative initiatives from formation to institutionalization (Moussa *et al.*, 2026), tend to theorize collaboration as a coordination mechanism operating within a given governance arrangement, without fully explaining how that arrangement itself acquires an entrepreneurial character. Similarly, recent evidence on IMC suggests its relevance for improving administrative performance and organizational capacity in local service delivery, particularly for smaller municipalities (Elston *et al.*, 2025), yet it stops short of explaining the governance-level processes through which entrepreneurial capacity is built. In other words, the collaborative governance tradition explains how networks function once constituted, but not how they develop the strategic orientation, shared vision, and institutional innovation that entrepreneurial governance requires. The two literature studies, PSE and collaborative governance, address complementary problems, yet their theoretical integration remains only partial.

Understanding how these collaborative arrangements generate public value requires a further analytical lens. Public Service Logic (PSL) is defined as “*a perspective in which public value is co-created through the interaction of service users, providers, and other stakeholders*” (Osborne and Strokosch, 2013, p. 35). Later refinements conceptualize the Public Service Ecosystem as a configuration of actors, resources, and institutions that co-evolve to produce public outcomes (Osborne *et al.*, 2021; Trischler and Charles, 2019). This perspective repositions citizens not as clients but as active partners who co-produce innovation, turning community engagement into a constitutive, rather than merely instrumental, mechanism of entrepreneurial governance (Bovaird, 2007; Voorberg *et al.*, 2015). In these ecosystems, local governments act as orchestrators (Autio *et al.*, 2018), enabling collective learning and experimentation that foster territorial resilience, understood as “*the capacity of places to absorb, adapt, and transform in response to external disturbances*” (Pike *et al.*, 2010, p. 62), which depends on social capital, institutional diversity, and learning mechanisms connecting public, private, and civic actors (Boschma, 2015). PSL and the Public Service Ecosystem perspective thus serve a specific analytical function in this study; they explain the value-creation logic operating within IMC arrangements, moving the analysis beyond a description of collaborative structures toward an understanding of why and how those structures generate innovation and resilience. Empirical evidence supports this connection: in small municipalities, integrating participatory practices with institutional learning enhances governance coherence and territorial outcomes (Frare *et al.*, 2020); collaborative leadership strengthens adaptive capacities (Vivona, 2024); and IMC provides the administrative infrastructure that makes such learning and participation scalable across municipalities (Noda, 2023).

Nevertheless, PSL and the Public Service Ecosystem perspective remain theoretically underdeveloped with respect to the institutional conditions under which co-creation materializes at the local level. Recent work on collaborative governance shows that transforming government-centric models into multi-actor arrangements is far from straightforward, as political, institutional, and relational preconditions are often underestimated (Bucate-Vilke *et al.*, 2026). Moreover, evidence on public participation suggests that engagement does not automatically generate legitimacy or enhance perceived performance unless citizens experience participation as consequential rather than merely symbolic (Tao *et al.*, 2026). In small and medium-sized municipalities operating through IMC, this raises a critical question: what kind of governance capability must be in place before co-creation can function as a generative mechanism rather than a formalized participatory routine? PSL identifies the value-creation logic, but does not fully specify the governance preconditions that make it actionable.

Taken together, these frameworks operate at three analytically distinct and complementary levels. PSE defines the strategic posture of the actors involved, their

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orientation toward innovation, risk, and collective resourcefulness. NPG and GNT describe the structural environment in which this posture is enacted, thus horizontal governance networks characterized by interdependence, trust, and negotiation. PSL and the Public Service Ecosystem explain the value-creation logic through which those networks produce public outcomes, through co-creation, community engagement, and the accumulation of shared institutional capabilities. IMC is not a fourth theoretical framework but rather the concrete institutional mechanism through which all three levels are simultaneously activated in local governance. Precisely, it is the arena in which entrepreneurial orientation is collectively enacted, network-based governance is operationalized among municipalities, and co-production with citizens becomes structurally possible. Rather than being added together in a purely sequential way, these three levels are integrated because they address a shared theoretical problem from complementary perspectives. In other words, public value is no longer produced within a single organization, as in the NPM logic, but between actors in relational, adaptive networks. It is also worth noting that resilience appears across these levels in analytically distinct ways; as a governance capability at the PSE level (the capacity to maintain functionality and pursue collective goals under conditions of uncertainty and disruption, [Vivona, 2024](#)) and as a territorial outcome at the ecosystem level (the capacity of places to adapt and transform in response to external disturbances, [Pike et al., 2010](#)). This multi-level integration is what allows us to observe empirically something that no single framework would capture alone: the process by which entrepreneurial governance is developed, built, maintained, and institutionalized through inter-municipal collaboration.

The theoretical landscape reviewed above allows the research gap to be precisely stated. While existing perspectives offer important but partial explanations - PSE clarifies the collective nature of public entrepreneurship, collaborative governance and IMC explain inter-organizational coordination, and PSL illuminates co-creation dynamics - yet none of these perspectives fully explain how entrepreneurial governance is constructed as a governance-level capability in inter-municipal settings. It is well established that entrepreneurial orientation can be transposed to the public sector, that NPG and IMC provide favorable institutional conditions for collaborative governance, and that PSL offers a logic of co-creation through which public value can emerge from networked interactions ([De Vries et al., 2016](#); [Osborne, 2010](#); [Noda, 2023](#)). What remains contested, however, is whether and how these conditions translate into actual governance capabilities at the local level. The literature acknowledges that collaborative networks can be entrepreneurial in principle, but has not empirically traced the processual mechanisms, trust-building routines, orchestration practices, and shared learning dynamics through which entrepreneurial governance is constructed and sustained in practice ([Sørensen and Torfing, 2017](#); [Ongaro and Ferlie, 2020](#)). Specifically, the inter-municipal context remains unexplored. While IMC has been studied for its administrative and fiscal effects, the mechanisms by which it generates governance capabilities, rather than merely governance outputs, remain unexamined ([Noda, 2023](#); [Torfing et al., 2019](#)). This study offers a unique contribution by providing an empirical reconstruction of how capability-building mechanisms function within a specific inter-municipal initiative. It illustrates how entrepreneurial orientation is collectively enacted, how collaboration fosters institutional learning and trust, and how community engagement is a fundamental component of governance legitimacy and territorial resilience rather than merely a result.

## 2. Methodology

This study adopts a qualitative, interpretive research strategy grounded in a constructivist ontology and an interpretivist epistemology. The philosophical positioning assumes that social and institutional phenomena, including governance processes, are not objectively given but are constructed through the meanings, practices, and interactions of actors ([Lincoln and Guba,](#)

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1985). This orientation aligns with the study's focus on understanding how entrepreneurial governance is processually built within inter-municipal settings, rather than measuring its outcomes or testing pre-specified hypotheses. Within this framework, knowledge is treated as contextual, relational, and emergent from the research encounter itself. The methodological logic is inductive; thus, rather than deriving propositions deductively from theory, the study constructs analytical dimensions from the empirical material, using existing theoretical frameworks as sensitizing lenses rather than rigid templates. This approach is consistent with Reflexive Thematic Analysis (RTA) (Braun and Clarke, 2006, 2019) as the analytical strategy, and with the single case study design as the empirical vehicle. The following subsections detail the research design, data collection procedures, and analytical process.

### 2.1 Research design

This research adopts an exploratory qualitative case study design, consistent with the aim of understanding how entrepreneurial governance emerges and evolves within inter-municipal collaborations. A qualitative approach is particularly well-suited to examining complex, context-dependent processes and to capturing actors' interpretations (Yin, 2018; Eisenhardt, 1989). Consistent with the methodological positioning outlined above, the case study approach allows the reconstruction of actors' interpretations and the processual dynamics through which entrepreneurial governance develops (Lincoln and Guba, 1985).

The single case of "Alpha Municipality" was selected for its theoretical relevance rather than its representativeness, following a logic of purposeful sampling aimed at identifying an information-rich context (Stake, 1995).

The case of Alpha Municipality was selected as a theoretically informative and revelatory case, as its coordinating role within an inter-municipal arrangement provides a unique vantage point to observe how entrepreneurial governance is enacted, negotiated, and stabilized across multiple municipalities. Unlike single-organization settings, this case allows analysis of inter-organizational mechanisms – such as orchestration, shared vision-building, and collaborative routines – that shape entrepreneurial governance in practice. Therefore, the selection is not based on prominence alone, but on the case's capacity to illuminate the processual dynamics at the core of the research question.

Alpha Municipality serves as the coordinating body for a pioneering inter-municipal initiative promoting sustainable urban regeneration across five municipalities in Southern Italy. Additionally, the Italian local government system, characterized by high administrative fragmentation, multi-level governance, and strong municipal autonomy, particularly in the Southern Regions, presents a relevant setting for studying entrepreneurial governance in complex institutional and resource-constrained conditions.

The case study approach was considered appropriate for two main reasons. First, it allows an in-depth exploration of processes that are still under-theorized, such as the translation of entrepreneurial orientation into public governance practices. Second, it enables the reconstruction of dynamic interactions among municipalities, revealing how local administrations co-develop capabilities for innovation, coordination, and collective problem-solving. The purpose of this research is not statistical generalization, but analytical generalization (Yin, 2018), thereby contributing to the theoretical understanding of entrepreneurial governance and collaborative innovation in the public sector.

*2.1.1 The selected case study: "Alpha Municipality".* To answer our main research question, Alpha Municipality was selected as the case for analysis because of its pivotal role as the coordinating body for Project X.

The selection of Municipality Alpha as the case study is further justified by the significance of its coordination role in the 'first-of-its-kind' entrepreneurial municipal association, Project X. This initiative represents a pioneering initiative in sustainable urban redevelopment, focusing on a 25-km coastal area inhabited by approximately 280,000 residents. This project is a collaborative endeavor involving five municipalities. By pooling their resources into a €75

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million shared fund, these municipalities aim to develop a cohesive urban regeneration strategy that emphasizes tourism development, cultural valorization, and the strategic enhancement of the waterfront as a catalyst for regional growth.

Alpha serves as the project coordinator, orchestrating collaboration among the participating municipalities and ensuring adherence to the collective objectives of sustainable urban development. This coordination role situates Alpha as a critical case study for examining the dynamics within this innovative municipal association. Unlike traditional governance frameworks, this initiative demonstrates a shift toward integrated and cooperative planning, leveraging collective resources and expertise to address regional challenges holistically. Alpha exemplifies these principles through its strategic initiatives, including the adaptive reuse of disused buildings for tourism purposes, establishing a research hub, and enhancing waterfront infrastructure to support economic development and community well-being. By focusing on Alpha's leadership within this entrepreneurial framework, this case study highlights the transformative possibilities inherent in cooperative, inter-municipal approaches to development, offering valuable insights for broader applications in regional planning and policymaking.

### *2.2 Data collection*

The empirical material was collected through semi-structured interviews complemented by documentary analysis. This combination enabled triangulation and provided both subjective and contextual perspectives on the phenomenon (Eisenhardt, 1989; Miles et al., 2014). The interviews involved 15 key actors directly engaged in the project: the mayor, the councilor for urban development, the external relations manager, the mayor's staff, the project coordinators, the technical officers, and participation managers, selected according to a purposive sampling strategy to ensure diversity of roles and institutional viewpoints (Patton, 2015). All interviewees were formally affiliated with Alpha Municipality (the coordinating hub), and their roles involved continuous interaction with partner municipalities, providing an informed perspective on inter-municipal dynamics. We acknowledge that this design yields a coordinator-centric account of inter-municipal collaboration: the perspectives of partner municipalities are not directly represented. This limitation is partially mitigated through documentary triangulation — including inter-municipal agreements, joint planning documents, and administrative reports — which provided independent corroboration of the relational dynamics described by interviewees, and is discussed further in the limitations section.

The interview guide was designed to explore how entrepreneurial principles are interpreted and enacted within public administration, how collaboration among municipalities is organized, and how leadership and participation contribute to achieving shared goals. Interviews lasted between forty-five and ninety minutes, were conducted in person or online, recorded with informed consent, and transcribed verbatim.

In parallel, a comprehensive analysis of a large set of secondary sources was conducted, including project documentation, administrative reports, strategic plans, and press releases. These materials provided background information on governance structures, project milestones, and the institutional framework of inter-municipal cooperation. The combination of primary and secondary data strengthened the credibility of the analysis through the triangulation of evidence from different sources (Yin, 2018; Lincoln and Guba, 1985).

The data collection process adhered to the ethical standards of qualitative research. Participants were informed of the research purpose and assured of confidentiality; pseudonyms were used to protect their identities. The combination of interviews and documentary evidence provided a rich empirical base for examining how local governments mobilize entrepreneurial behavior to foster innovation and community resilience.

### 2.3 Data analysis

Data analysis followed the principles of Reflexive Thematic Analysis (RTA) (Braun and Clarke, 2006, 2019), which offers a systematic yet flexible framework for identifying and interpreting patterns of meaning across qualitative data. This method is aligned with the interpretivist epistemology of the study and is particularly suited for exploring how organizational and institutional phenomena are constructed through discourse and practice. The analysis involved an iterative process of familiarization, coding, theme development, and interpretation, characterized by constant movement between empirical material and emerging conceptual insights (Miles *et al.*, 2014).

The analysis began with repeated readings of transcripts and documents to develop contextual familiarity. During this phase, analytic memos were used to capture preliminary reflections, intuitions, and connections between interviews and secondary materials. Subsequently, initial codes were generated inductively to capture significant aspects of participants' experiences and meanings. These codes reflected actions, emotions, and interpretations related to innovation, collaboration, and governance—for example, the willingness to “act beyond administrative boundaries,” to “experiment collectively,” or to “create new forms of cooperation.”

As the analysis progressed, related codes were iteratively grouped into broader patterns of meaning that evolved into potential themes. These themes represented shared and recurrent ideas in the data, such as collaborative risk-taking, shared leadership, and collective learning. In line with Braun and Clarke's (2023) recommendations, the process was reflexive and recursive: themes were continuously reviewed, refined, and compared against the dataset to ensure coherence and depth. The researchers' interpretations were documented through analytic memos, ensuring transparency and reflexivity in the sensemaking process (Lincoln and Guba, 1985).

Although RTA does not rely on hierarchical coding structures, the results were organized and visually represented using a Gioia-style data structure (Gioia *et al.*, 2013). This choice is consistent with RTA's own provisions for visual representation of themes. As Braun *et al.* (2019) demonstrate, RTA can accommodate structured visual formats to enhance transparency of the interpretive process. The Gioia-style structure is therefore used as a communicative tool to illustrate how empirical observations evolved into abstract dimensions, complementing RTA's interpretive approach. It should therefore not be understood as a separate analytical methodology, but as a visual device for organizing and communicating the interpretive outcomes of the RTA process.

The data structure distinguishes three analytical levels: first-order codes closely aligned with participants' expressions, second-order themes reflecting the researchers' interpretation, and aggregate dimensions capturing the broader conceptual insights of the study.

Through this iterative process, we identified three overarching dimensions: entrepreneurial orientation in governance, capturing how municipalities adopt proactive and innovative postures in collaborative settings; collaborative capacity building, reflecting the development of trust, shared leadership, and learning mechanisms across municipalities; and community engagement and resilience, illustrating how participatory practices and inter-organizational cooperation enhance local adaptability and long-term development.

The analysis proceeded until interpretive sufficiency was reached, that is, when additional engagement with the data no longer produced substantively new insights relevant to the research question (Braun and Clarke, 2019). The credibility of the interpretations was strengthened through triangulation between interview and documentary sources; dependability was ensured through the systematic documentation of analytical decisions in reflexive memos; and confirmability was supported through continuous dialogue among the research team (Lincoln and Guba, 1985).

Table 1 presents the complete data structure resulting from the analysis. It presents the three dimensions constructed through this process: *Entrepreneurial Orientation in Governance*, *Collaborative Capacity Building*, and *Community Engagement and Resilience*. These

**Table 1.** Data structure representation

First-order codes	Second-order themes	Third-order constructs (aggregate dimensions)
<ul style="list-style-type: none"> <li>• “We decided to plan beyond the borders of each municipality, because only a shared vision can attract regional funds.”</li> <li>• “Our role was to think like an enterprise, investing in ideas that could create jobs and services.”</li> <li>• “We had to learn how to take risks together, even if this is not usual for public administrations.”</li> </ul>	Strategic Proactiveness and Risk-Taking in Public Management	<i>Entrepreneurial Orientation in Governance</i>
<ul style="list-style-type: none"> <li>• “We used the project to rethink our administrative routines, simplifying procedures and improving coordination.”</li> <li>• “Working with other municipalities pushed us to innovate, every meeting became a laboratory of ideas.”</li> <li>• “Innovation was not only technological; it was about new ways of managing people and processes.”</li> </ul>	Institutional Innovation and Organizational Learning	
<ul style="list-style-type: none"> <li>• “We moved from isolated projects to a common territorial strategy.”</li> <li>• “The idea was to create a collective vision for sustainable urban regeneration.”</li> <li>• “The inter-municipal plan became our tool to coordinate and align all local policies.”</li> </ul>	Shared Vision and Strategic Planning	
<ul style="list-style-type: none"> <li>• “At the beginning, each municipality had its own rhythm, now we work as one team.”</li> <li>• “We learned to trust each other through the daily management of shared projects.”</li> <li>• “The mayors’ constant communication created a climate of cooperation that we never had before.”</li> </ul>	Building Trust and Relational Cohesion	<i>Collaborative Capacity Building</i>
<ul style="list-style-type: none"> <li>• “We re-organized staff and technical offices to overcome resource shortages.”</li> <li>• “Each municipality contributed its specific expertise; for example, municipality A brought urban planning skills.”</li> <li>• “Jointly managing human and financial resources made the project more efficient.”</li> </ul>	Resource Integration and Knowledge Sharing	
<ul style="list-style-type: none"> <li>• “This project allowed public employees to develop new skills, especially in project design and EU funding.”</li> <li>• “Through collaboration, our people learned how to coordinate and plan strategically.”</li> <li>• “The process strengthened our administrative capabilities, not just the infrastructure.”</li> </ul>	Institutional Learning and Competence Development	

(continued)

**Table 1.** Continued

First-order codes	Second-order themes	Third-order constructs (aggregate dimensions)
<ul style="list-style-type: none"> <li>• “Citizens were informed and involved from the beginning; we needed them to believe in the project.”</li> <li>• “We organized meetings with local schools and associations to explain the project objectives.”</li> <li>• “The more people felt part of the initiative, the more support we received.”</li> </ul>	Civic Participation and Shared Ownership	<i>Community Engagement and Resilience</i>
<ul style="list-style-type: none"> <li>• “We tried to explain the broader benefits of the project to the community.”</li> <li>• “Public education campaigns helped citizens understand that small daily actions can change the community.”</li> </ul>	Public Awareness and Legitimacy Building	
<ul style="list-style-type: none"> <li>• “Our aim was to create trust between institutions and the territory.”</li> <li>• “Working together made us stronger and more resilient as a territory.”</li> <li>• “The collaboration between institutions, citizens, and associations helped us face challenges collectively.”</li> <li>• “Now we can manage crises better because we have built a network that supports itself.”</li> </ul>	Collective Adaptability and Territorial Resilience	

**Source(s):** Authors’ own work

dimensions illustrate how first-order codes were progressively grouped into second-order themes and further interpreted into overarching analytical dimensions. The results of the analysis are presented in the following section, where the identified themes are discussed in relation to the existing literature and supported by illustrative quotations from the empirical material.

## 2.4 Findings

Through the interpretive process described in Section 2.3, we identified three overarching dimensions that characterize entrepreneurial governance within the inter-municipal project led by Alpha Municipality: Entrepreneurial Orientation in Governance, Collaborative Capacity Building, and Community Engagement and Resilience. The findings presented below are grounded in the accounts of Alpha’s actors, who served as the coordinating hub of the initiative, and documentary evidence provides supporting context for the claims. These dimensions reflect, from the coordinator’s perspective, a dynamic process through which municipalities have progressively moved from administrative coordination toward a shared entrepreneurial model of territorial development. The following paragraphs provide an overview of each theme and report relevant quotes from the case study’s interviews.

*2.4.1 Entrepreneurial orientation in governance.* The first dimension captures how, according to participants, the municipalities involved developed a shared entrepreneurial mindset and strategic orientation toward innovation, proactiveness, and risk-taking. Interviewees consistently described the project as an opportunity to “think beyond administrative boundaries” and “act like an enterprise” in pursuing collective objectives. This perspective marked a shift from reactive bureaucratic management to a more forward-looking and opportunity-driven approach. As one project coordinator explained: “*We decided to plan beyond the borders of each municipality because only a shared vision can attract regional funds and create real impact.*”

Strategic proactiveness was coupled with growing capacity to manage uncertainty. Several respondents emphasized that public entrepreneurship in this context did not imply financial risk-taking in the private-sector sense, but rather the willingness to experiment with new governance models and administrative practices. A senior official noted: *“Taking risks here means trying new administrative solutions, sometimes without a clear precedent. It’s a cultural change.”*

Several respondents emphasized that *“taking risks together”* meant collectively navigating uncertainty and institutional novelty, rather than engaging in competitive behavior. Innovation, in turn, was primarily organizational and procedural. Municipalities began to redesign internal procedures, simplify administrative routines, and establish new coordination mechanisms. Interviewees described how *“working with other municipalities pushed us to innovate—every meeting became a laboratory of ideas.”* Innovation thus emerged as a relational process, fueled by interaction and shared learning rather than imposed reforms. As one interviewee explained, *“innovation was not only technological; it was about new ways of managing people and processes.”*

Finally, the project fostered a collective strategic vision that transcended the limits of individual municipal plans. The development of a shared territorial masterplan was frequently described as a coordinating device that enabled strategic coherence, signaling the emergence of entrepreneurial orientation as a governance-level capability rather than an individual managerial trait. The mayor commented, *“The inter-municipal plan became our tool to coordinate and align all local policies. We moved from isolated projects to a common territorial strategy.”*

Together, these insights suggest that entrepreneurial orientation in governance arises when local governments combine strategic proactiveness, organizational innovation, and shared vision-building. This orientation reflects a redefinition of entrepreneurship in the public sphere—from individual initiative to collective, institutional entrepreneurship that supports long-term territorial transformation.

*2.4.2 Collaborative capacity building.* The second dimension, *Collaborative Capacity Building*, describes the mechanisms through which, as reported by Alpha’s actors, municipalities progressively enhanced their collective ability to act, resulting from trust-building, resource integration, and institutional learning. Municipalities were initially characterized by heterogeneous administrative rhythms and fragmented practices, thus collaboration did not develop automatically, but through repeated interactions and shared problem-solving. As one informant observed, *“At the beginning, each municipality had its own rhythm; now we work as one team”*. Interviewees reported that early phases required alignment through different priorities, procedures, and working cultures. Trust was not a pre-existing condition, but as interviewees reported, it emerged gradually through day-to-day cooperation, supported by continuous communication among political and administrative leaders, progressively replacing competition with a sense of solidarity. According to another respondent, *“The mayors’ constant communication created a climate of cooperation that we never had before”*.

Collaboration also implied the integration of resources and knowledge across territorial boundaries.

According to participants, municipalities pooled human and technical resources to overcome capacity constraints while leveraging complementary expertise. *“We shared staff and technical offices to overcome resource shortages,”* one administrative officer explained, *“Each municipality has specific resources that both characterize it and distinguish it from others. So, each of them contributed to the project with its specific expertise”*. These practices facilitated project implementation, enhanced mutual learning, and reinforced a sense of interdependence.

Participants frequently described the experience as an opportunity to strengthen their administrative capabilities, particularly in strategic planning, financial project coordination, and EU funding procedures. *“This project allowed public employees to develop new skills,*

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especially in project design and EU funding,” one manager stated. Another added, “Through collaboration, our people learned how to coordinate and plan strategically.”

These processes collectively contributed to what we term collaborative capacity building, a dynamic capability through which municipalities develop the skills, routines, and relationships needed to sustain long-term cooperation. Collaborative capacity, which facilitates cooperation and adaptive problem-solving, transcends individual initiatives and drives broader cultural transformation. As public entities recognize their role within a regional governance ecosystem, they begin to adopt a more integrated approach to collaboration and decision-making. From the perspective of the coordinating municipality, collaboration appears not only as the means through which entrepreneurial governance is enacted, but also as an outcome of the process itself.

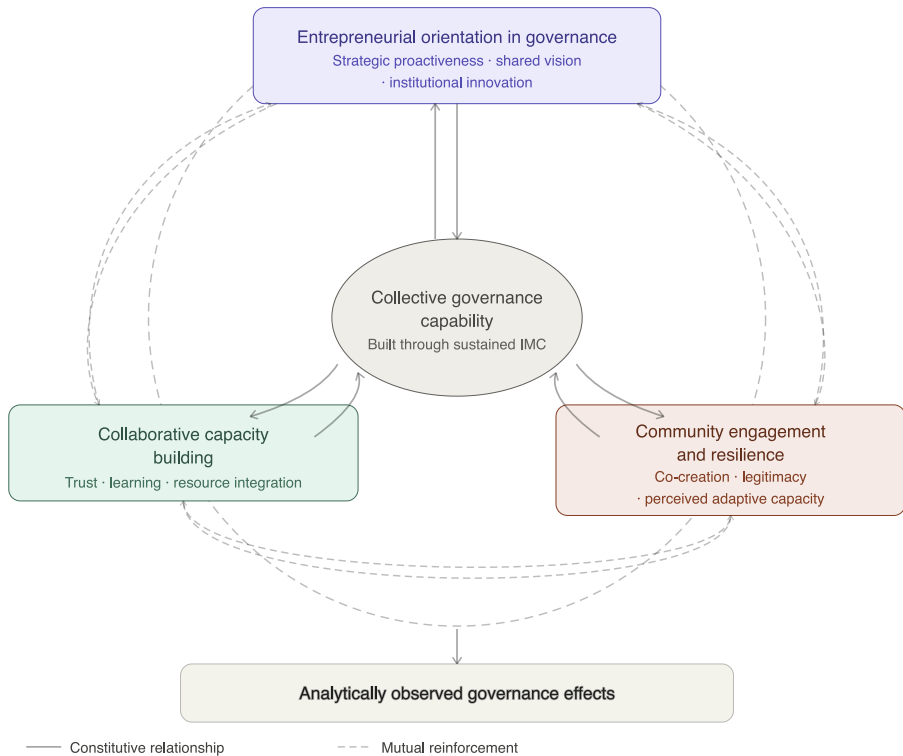
*2.4.3 Community Engagement and resilience.* The third dimension emphasizes the crucial role of community participation in establishing the project’s legitimacy, long-term sustainability, shared ownership, and territorial resilience. Interviewees emphasized the importance of involving citizens, schools, and local associations from the project’s early stages as essential to its success. As one public officer stated, “Citizens were informed and involved from the beginning; we needed them to believe in the project.” Engagement activities that focused on explaining the broader objectives of the initiative and clarifying the community’s role within it helped build trust and acceptance. The administration organized public meetings and workshops to foster understanding of the project’s goals and co-design the processes to achieve them, as explained by a project educator, “Public services must be tailored to the needs of each area and age group, so we need them to help us in the tailoring process.”

Thus, rather than being limited to consultation, engagement fostered collective sensemaking and legitimacy-building. Public communication and participation helped translate institutional action into shared understanding and ownership, strengthening the relational ties between administrations and local communities. As one respondent explained, “the more people felt part of the initiative, the more support we received”. Through these initiatives, citizens started to become active contributors to local innovation and co-creators of public value.

These engagement processes were described by interviewees as strengthening territorial adaptive capacity by reinforcing collaborative networks among institutions, citizens, and local organizations, which interviewees described as enhancing their collective capacity to respond to social and economic challenges and adapt to uncertainty. As the mayor observed, “working together made us stronger as a territory . . . now we can manage crises better because we have built a stable network”. Resilience emerged from continuous engagement and collaboration rather than as a predetermined goal. This observation aligns with the literature on public service ecosystems, which underscores the interdependence of institutional innovation and citizen co-production in fostering adaptive capacity (Osborne *et al.*, 2021; Trischler and Charles, 2019).

## 2.5 Discussions

The findings of this study contribute to the growing debate on how entrepreneurial principles can be meaningfully translated into the public domain through collaborative and participatory forms of governance. More specifically, this study addresses the underexplored processual mechanisms through which entrepreneurial governance is constructed in inter-municipal settings, rather than focusing on governance outcomes such as performance or resilience *per se*. By examining the inter-municipal initiative coordinated by Alpha Municipality, the case evidence suggests that *entrepreneurial orientation in governance, collaborative capacity building, and community engagement and resilience* are not independent or sequential phenomena, but mutually reinforcing dimensions of a broader process of entrepreneurial governance. Together, these dimensions illustrate how, in this case, local governments were able to move beyond fragmented administrative action and act as catalysts of innovation and resilience by combining strategic vision, institutional learning, and citizen participation (Figure 1).



**Figure 1.** Entrepreneurial governance development as a recursive capability-building process in inter-municipal settings. Source: Authors' own work

The figure illustrates how entrepreneurial governance develops through the recursive interaction among three analytically constructed, mutually reinforcing dimensions: *Entrepreneurial Orientation in Governance*, *Collaborative Capacity Building*, and *Community Engagement and Resilience*. Inter-municipal collaboration offers the institutional mechanism that activates these dimensions. Their interaction highlights observed governance effects, such as local innovation, perceived adaptive capacity, and institutional effectiveness. Solid arrows denote constitutive relationships between each dimension and the central capability; dashed arrows denote mutual reinforcement among the three dimensions. This framework advances a governance-level reconceptualization of public entrepreneurship. Rather than treating entrepreneurship as an attribute of individual public managers or single organizations, the study conceptualizes entrepreneurial governance as a collective and ecosystemic capability constructed through recursive interaction among strategic orientation, collaborative capacity, and community engagement. This shift is theoretically relevant because it moves the analytical focus from entrepreneurial actors to the governance conditions through which entrepreneurial action becomes collectively possible, institutionally stabilized, and territorially embedded.

The results first advance current understandings of entrepreneurial orientation in the public sector by showing that it does not operate as an individual managerial disposition or a market-oriented logic, but rather as a collective governance capability. While classical EO literature emphasizes innovativeness, proactiveness, and risk-taking as organizational traits (Covin and

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Slevin, 1991; Lumpkin and Dess, 1996), the findings indicate that, in this inter-municipal context, these dimensions were enacted through shared vision-building, strategic alignment, and institutional innovation. Entrepreneurial orientation thus emerges as a property of governance networks rather than of single organizations, consistent with arguments that public sector innovation is inherently relational and systemic (Osborne and Brown, 2011). In doing so, the study challenges organization-centered interpretations of entrepreneurial orientation and reframes EO as a governance-level property that becomes visible when municipalities jointly construct strategic direction, share risk, and mobilize resources across institutional boundaries (Chen and Audretsch, 2025). In this case, municipalities enacted EO through shared opportunity identification and collective resource mobilization, thereby extending the concept of public entrepreneurship by creating public value (Klein *et al.*, 2010).

This interpretation aligns with network-based perspectives that view public entrepreneurship as shaped by interdependence and coordination rather than organizational autonomy (Klijn and Koppenjan, 2016). It also directly responds to recent calls to better theorize entrepreneurial spirit and innovation in small and micro-municipal administrations, where scale constraints make governance-level entrepreneurial capabilities particularly salient (Cristofaro *et al.*, 2024).

Thus, we can posit the following proposition:

- P1.* Entrepreneurial orientation in small and medium-sized municipalities manifests as a collective governance capability that enables local governments to jointly identify and pursue strategic opportunities for creating public value.

Building on this insight, the findings also highlight that collaboration plays a central role in entrepreneurial governance not merely as a coordination mechanism, but as a process of capacity building that strengthens trust, learning, and institutional competencies over time. In line with the collaborative governance literature (Ansell and Gash, 2008), the case shows that cooperation among municipalities develops through repeated interaction, communication, and resource sharing. However, beyond procedural coordination, collaboration in this context functions as a dynamic capability, enabling municipalities to collectively learn how to govern, innovate, and adapt. This finding suggests that collaboration should not be understood merely as a governance arrangement or implementation tool, but as a generative process through which entrepreneurial capacity itself is formed (Favoreu *et al.*, 2025). Within a public service ecosystem perspective, which conceptualizes public value creation as an outcome of multi-level interactions among actors (Osborne *et al.*, 2021; Trischler and Charles, 2019), inter-municipal collaboration can be understood as a meso-level mechanism that translates strategic intent into operational capacity. The emergence of shared routines, mutual trust, and professional competencies illustrates how collaboration becomes institutionalized, transforming a project-based partnership into a more stable governance arrangement (Moussa *et al.*, 2026). This finding is consistent with recent work on inter-municipal cooperation, which shows that collaboration generates both horizontal effects—such as coordination, learning, and reduction of duplication—and vertical effects, including improved alignment with regional and national programs and access to funding opportunities (Noda, 2023; Elston *et al.*, 2025). It also reinforces the view that effective public governance depends on learning-oriented and relational processes through which actors progressively build the capacity to collaborate (Bryson *et al.*, 2015).

Accordingly, we propose:

- P2.* In inter-municipal settings, collaboration functions as a dynamic capability that builds institutional capacity and supports adaptive capacity by fostering shared learning, trust, and resource integration among local governments.

The analysis further underscores the importance of community engagement as a key enabler of entrepreneurial governance rather than a complementary activity. Consistent with Public Service Logic (Osborne, 2018; Radnor and Osborne, 2013), the findings show that public value

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is co-created through interaction between public organizations and citizens. Engagement practices fostered shared ownership, legitimacy, and collective sensemaking, enabling local administrations to embed institutional innovation into the territory's social fabric. The active involvement of local communities, schools, and associations reflects the micro-level of the public service ecosystem, where everyday practices of participation and education translate institutional innovation into tangible social outcomes (Osborne *et al.*, 2021). Rather than positioning citizens as passive recipients of public action, entrepreneurial governance involved them as active contributors to governance processes, echoing the literature on co-production (Bovaird and Loeffler, 2012). This implies that co-creation is not simply an external source of legitimacy but part of the internal architecture through which entrepreneurial governance becomes socially embedded and sustainable over time (Bucaite-Vilke *et al.*, 2026). This interpretation resonates with community-oriented approaches that conceptualize resilience as rooted in local relational infrastructures and collective action capacity, particularly in small and peripheral territories (Flora *et al.*, 2018). It also complements evidence from small municipalities showing that participatory practices and shared learning mechanisms strengthen governance coherence and local development outcomes (Frare *et al.*, 2020). Importantly, engagement also appeared to play a crucial role in strengthening territorial resilience, consistent with the view that collaborative and participatory networks can increase the collective adaptive capacity of local governance systems to respond to uncertainty (Duit, 2016; Tao *et al.*, 2026). Thus, we can posit the following proposition:

- P3. In small and medium-sized municipalities, community engagement acts as a co-creative mechanism that enhances the legitimacy and perceived adaptive capacity of entrepreneurial governance by embedding institutional innovation within the social fabric of the territory.

Bringing these insights together, the study advances a systemic understanding of entrepreneurial governance as the integration of entrepreneurial orientation, collaborative capacity, and community engagement within a shared public service ecosystem. Entrepreneurial orientation provides the strategic impetus for collective action, collaboration supplies the institutional infrastructure for coordination and learning, and engagement anchors governance processes within the community, ensuring legitimacy and resilience. This triadic structure bridges Entrepreneurial Orientation and Public Service Logic, highlighting how municipalities can simultaneously act entrepreneurially and uphold the co-productive ethos of public value creation. The findings echo recent contributions framing public entrepreneurship as an evolution of public leadership toward effectiveness-oriented, entrepreneurial, yet democratically grounded governance practices (Vivona, 2024). Taken together, these findings suggest that entrepreneurial governance is not the outcome of a single mechanism, but the result of the interaction among multiple interdependent processes unfolding across governance levels.

In doing so, the study addresses recent calls for integrating the literature on public entrepreneurship, collaborative governance, and public service ecosystems (Cristofaro *et al.*, 2024). The main theoretical implication is therefore that entrepreneurial governance should be understood as a recursive capability-building process rather than as a stable governance form. Its development depends on the continuous interaction between strategic orientation, collaborative capacity, and community embeddedness, rather than on any single organizational attribute or managerial intervention.

Accordingly, we propose:

- P4. Entrepreneurial governance in an inter-municipal context emerges when local governments integrate entrepreneurial orientation, collaborative capacity, and community engagement within a public service ecosystem that supports the co-creation of public value and adaptive capacity.

Overall, the case of Alpha Municipality illustrates that entrepreneurship in the public sector does not entail importing market logics into public administration, but rather reconfiguring them into a collective, adaptive, and participatory governance approach. The evidence from this case suggests that, under similar institutional conditions, entrepreneurial governance may enable local governments to enhance institutional effectiveness while simultaneously strengthening social trust and adaptive capacity. In particular, the study provides a theoretically grounded account of how entrepreneurial governance may develop in inter-municipal settings characterized by institutional fragmentation, resource constraints, and the need for coordinated collective action. In this way, the study contributes to ongoing theoretical discussions by illustrating how entrepreneurial principles can be embedded in everyday governance practices, thereby supporting local innovation and resilience without undermining the core values of public administration.

### *2.6 Conclusions, limitations, and future research directions*

Although there is a growing body of literature examining public sector entrepreneurship, collaborative governance, and public service ecosystems (Kearney *et al.*, 2009; De Vries *et al.*, 2016; Osborne *et al.*, 2021), the way in which entrepreneurial principles are enacted and sustained within inter-municipal governance arrangements is relatively under-researched, particularly in small and medium-sized local contexts. This research aims to address this gap by exploring an inter-municipal initiative and by outlining how entrepreneurial governance emerges as a collective, relational, and ecosystem-based process rather than as an individual or market-oriented phenomenon.

The study takes a systemic approach to understanding entrepreneurial governance by integrating insights from public sector entrepreneurship, collaborative governance, and public service logic. The findings indicate that entrepreneurial orientation in the public sector is expressed through institutional innovation and shared vision-building across municipalities, rather than through competitive or market-oriented behavior, a perspective aligned with relational and network-based theories of public innovation (Osborne and Brown, 2011; Klijn and Koppenjan, 2016) and with recent calls for a more robust theoretical framework for entrepreneurial governance in small and medium-sized municipalities (Cristofaro *et al.*, 2024; Chen and Audretsch, 2025). Inter-municipal collaboration emerges as a dynamic capability that is constitutive of entrepreneurial governance rather than merely instrumental to it: through repeated interaction, shared problem-solving, and institutional learning, collaboration generates both horizontal and vertical effects that strengthen local governance capacity (Noda, 2023; Moussa *et al.*, 2026). Community engagement, in turn, operates as the mechanism through which institutional innovation is anchored in the social fabric of the territory, strengthening legitimacy and perceived adaptive capacity over time (Duit, 2016; Bucaite-Vilke *et al.*, 2026).

From a practical standpoint, the findings offer three concrete implications for public managers and policymakers. First, fostering entrepreneurial governance requires investing in relational and institutional infrastructure (shared leadership structures, inter-organizational trust mechanisms, and collective learning routines) rather than focusing solely on financial instruments or project funding. The evidence from this case suggests that governance capabilities are built incrementally through sustained collaboration rather than isolated interventions. Second, the designation of a coordinating body with a clear mandate to orchestrate and adequate institutional, technical, and financial support to perform that role appears to be a critical enabling condition for inter-municipal entrepreneurial governance. Regional and national authorities should consider embedding this orchestrating function explicitly into the design of inter-municipal cooperation frameworks, rather than leaving it to emerge informally. Third, community engagement should be treated as a constitutive element of governance design, not as a downstream communication activity. Participatory practices that involve citizens, local associations, and schools from the early stages of an initiative appear to strengthen legitimacy, shared ownership, and the long-term

sustainability of collaborative governance arrangements. In line with [Hartley \(2018\)](#) and [Vivona \(2024\)](#), public leaders should act as orchestrators, connecting actors, facilitating co-creation, and anchoring institutional innovation within the social fabric of the territory. More specifically, regional authorities and funding agencies should move beyond project-based funding logics and design institutional architectures that explicitly incentivize long-term inter-municipal coordination. Such architectures could include multi-year funding schemes tied to collaborative governance mandates, dedicated coordination units, shared technical offices, and evaluation criteria that reward learning, institutional capacity-building, and citizen engagement rather than short-term output delivery alone. For inter-municipal governance designers, the findings suggest the importance of formalizing orchestration roles, clarifying decision-making responsibilities, and creating stable arenas for interaction among municipalities, community actors, and regional authorities.

However, this study has several limitations. Firstly, the analysis is based on a single qualitative case study, which limits the generalisability of the findings ([Yin, 2018](#)). While Alpha Municipality is an information-rich and theoretically relevant case, the results may not fully capture the diversity of inter-municipal arrangements in different institutional, cultural or geographical contexts. Even though triangulation was used, incorporating quantitative metrics (such as involvement rates, performance indicators, or longitudinal administrative data) might have strengthened the empirical evaluation of entrepreneurial governance outcomes. Additionally, all fifteen interviewees were formally affiliated with Alpha Municipality as the coordinating hub, thereby yielding a coordinator-centric account of inter-municipal dynamics. While documentary triangulation was employed to partially mitigate this limitation, the perspectives of partner municipalities are not adequately represented. Claims about shared trust, collective vision, and inter-organizational learning should therefore be read as interpretations grounded in the coordinator's vantage point rather than as observations of the collaboration as a whole. Future research could address these limitations by conducting comparative studies on inter-municipal collaborations to assess the transferability of the proposed framework and identify specific versus generalizable mechanisms. Longitudinal studies could explore how entrepreneurial governance evolves over time, while mixed-methods approaches could enhance understanding of its impact on local innovation, community engagement, and resilience. Additionally, a deeper analysis of citizen perspectives could capture micro-level dynamics of co-creation in public service ecosystems.

### **Ethics statement**

This study involved human participants through the collection of qualitative data. No animal participants were involved. The research did not involve vulnerable participants, medical or clinical data, experimental manipulation, deception, or the collection of sensitive personal information. All participants were informed about the purpose of the study, the voluntary nature of their involvement, and the use of the data for academic research purposes. Informed consent was obtained from all participants.

At the authors' institution, there is no dedicated ethics review board/IRB procedure for non-medical, minimal-risk social science research of this kind; therefore, no formal ethics review board clearance was required or issued. The study was nevertheless conducted in accordance with internationally recognized ethical principles for research involving human participants, including voluntary participation, informed consent, confidentiality, and anonymity. All data were anonymized and handled in compliance with Regulation (EU) 2016/679 (GDPR) and its implementation in Italy through Legislative Decree No. 101/2018.

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