

An Entrepreneurial Approach and Policy Frameworks for the Advancement of Public-Private Partnerships

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Abstract

In contemporary working conditions, public institutions face limited access to the resources necessary for implementing projects of communal and societal interest. The concept of Public-Private Partnerships (PPPs) serves as a mechanism for supporting local development and facilitating the realization of infrastructure projects. Entrepreneurial initiatives and private investors enable the utilization of available capital and innovative opportunities in the function of executing infrastructure projects. The focus of this research is the analysis of the entrepreneurial approach as a key factor in the application and development of the public-private partnership model, with particular emphasis on the implementation of innovative business models and strategic partnerships.

By applying both quantitative and qualitative research methods, this study aims to explore the potential for implementing an entrepreneurial approach and corresponding policies that enhance synergy between public institutions and private initiatives in order to increase efficiency. The primary research objective is to confirm the fundamental hypothesis that entrepreneurial thinking and practice contribute to building more innovative and sustainable long-term business partnerships.

Keywords: Public-Private Partnership, Entrepreneurship, Innovation, Sustainable Development, Management

Introduction

The Public-Private Partnership (PPP) model represents a contemporary framework of business collaboration between public institutions and private enterprises, emerging as an alternative solution to the challenges related to limited access to necessary resources and the growing demand for modernization of infrastructure and public services.

On one hand, the public sector is increasingly confronted with resource constraints and the need to enhance efficiency in delivering public services. In an environment characterized by dynamic economic and social changes, as well as fiscal and budgetary limitations, the PPP model enables the effective combination of financial resources, technical expertise, and the



innovative capacity of private investors with the strategic goals and interests of public institutions. As a modern instrument for cooperation between the public and private sectors, this model encourages innovation, flexibility, and an entrepreneurial approach in implementation, thereby contributing to improved quality of public service delivery.

The necessity of adopting the public-private partnership model has become particularly evident within local communities, as municipalities face growing challenges in providing public services and infrastructure on the one hand, and managing budgetary restrictions on the other. The PPP model thus stands as a powerful instrument for accelerating development. Nevertheless, its implementation remains limited due to various challenges faced by public institutions.

Through analyzing the potential of applying the entrepreneurial approach within institutional practices, the PPP model can be further advanced as a framework for delivering high-quality public services and as a tool for achieving sustainable economic development. In the context of sustainability, current policies may be described through a model emphasizing the development of an ecological sector, which, unlike other sectors of activity, is characterized by the integration and application of sustainable technologies (Ospanova, A.; Popovychenko, I.; Chuprina, 2022, 17, 171–18).

Through the implementation of specific activities—beginning with an analysis of the current situation, followed by the identification of areas with the greatest potential for applying the public-private partnership model that incorporates entrepreneurial initiative—conditions are created for sustainable development. Sustainable development, as defined in the report, is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Elliott, 2012). The foundations for effective implementation of the public-private partnership model and for achieving sustainable development are established through a systematic assessment of the current situation and the determination of priority areas where this model, supported by entrepreneurial initiative, can be most effectively applied. On the other hand, the entrepreneurial approach acts as a driving force behind innovation, flexibility, and competitiveness. Enterprises are increasingly focused on identifying responses to the challenges of sustainable business operations and on introducing new approaches to organizational practices (Magdincheva-Shopova & Stojanovska-Stefanova, 2023). Integrating entrepreneurial thinking and action into the process of developing and managing public-private partnerships can significantly contribute to improving efficiency, reducing risks, and creating added value for all stakeholders. This approach encourages proactivity, creative problem-solving, and strategic thinking, all directed toward achieving long-term sustainability. Long-term sustainable development implies sustained economic growth, technological advancement, efficient resource management, and ultimately, the enhancement of the overall quality of life (Jurjević et al., 2019, p. 45).

Materials and Methods

Based on the defined research objective, both quantitative and qualitative research methods were selected, whereby the application of one method does not exclude the use of the other. To achieve the aims of this study, an appropriate methodological framework was adopted. The applied approach relies on the selection of classical research methods through which relevant insights were obtained regarding the phenomenon under investigation. During the development



of this paper, several scientific methods were employed, including the method of analysis, the method of synthesis, as well as specific scientific methods categorized as specialized, quantitative, and interrelated techniques. By applying the methods of analysis and synthesis, a comprehensive examination of professional literature in the field of public-private partnerships and the role of the entrepreneurial approach in the implementation of this business model was conducted. Additionally, the research method was applied to analyze the implementation measures of public-private partnerships. Through the inductive approach, the obtained results were interpreted, while the quantitative method relied on a deductive model for verifying the acquired knowledge, providing a detailed description of services and an objective perspective on the nature of the phenomenon being studied.

Results

The public-private partnership (PPP) business model represents a synthesized model of joint initiatives between the public and the private (entrepreneurial) sectors, in which each institution or entity contributes specific resources and activities in the processes of planning, decision-making, and execution of particular projects. In a narrower sense, the term “public-private partnership” refers to the implementation of specific activities through which public and private institutions, jointly and with shared resources, operate under predefined locations and conditions to create a product or service that fulfills a public need.

Through the PPP model, the resources of private entities are engaged to create goods or services required by state institutions and citizens. An essential feature of PPPs lies in the unique concept of collaboration and their long-term orientation.

In essence, the PPP model implies that private companies invest their own capital, undertake construction, maintenance, and management of specific projects until completion, after which the investment project is transferred to the ownership of the state or municipality. This synergistic business model between public institutions and private enterprises generates numerous benefits. PPPs can offer significant advantages such as utilizing private-sector expertise, innovation, and financial resources, thereby improving the quality, efficiency, and sustainability of public services (Manual for Establishing Public-Private Partnerships at the Local Level, USAID, Skopje, 2024, p. 5). This model constitutes a form of concession relationship, whereby the private company or partner implements a specific project, subject to prior authorization or approval — a concession — granted by the competent public authority. The application of the entrepreneurial approach within the PPP concept enables the realization of its core benefit: a long-term budgeting strategy that covers the entire life cycle of an infrastructure project, ensuring more efficient use of public financial resources. This approach also reduces the likelihood of excessive public spending on routine infrastructure maintenance instead of development and improvement. Upon the expiration of the contractual period, the infrastructure facility that was the subject of cooperation is transferred to public ownership, i.e., to the relevant state institution or local self-government unit. From a temporal perspective, such agreements are of a long-term nature, typically concluded for periods of twenty years or more, encompassing all phases — from design and construction to management, maintenance, and final transfer of ownership. By combining public and private resources and aligning the aspirations of both partners, public-private partnerships contribute to a better market valorization of public assets and to greater efficiency in public spending, ultimately serving the



public interest (Link, A. N., *Public/Private Partnership: Innovation Strategies and Policy Alternatives*, Springer, New York, 2006, p. 4). Fundamentally, the PPP model is characterized by the following key features: Participants – the private partner (an investor or privately-owned company) and the public partner (a government institution or a local self-government unit); Duration – a relatively long implementation period for the project activity; and Mutual interest and shared responsibility of both parties for the successful execution of the project and the achievement of sustainable results (see Figure 1).

Figure 1: Characteristics of the Public-Private Partnership Model

Public-Private Partnership Model	Description
Participants	Private company and public institution
Duration	Relatively long implementation period
Interest and Responsibility	Shared interest and mutual responsibility

Source: Author's own research

Based on the conducted research on the public-private partnership (PPP) model, it can be concluded that the most prevalent forms of PPPs include the following business models: the BOT model (Build-Operate-Transfer) and the PFI model (Private Finance Initiative). These models represent the most frequently implemented frameworks for collaboration between public institutions and private investors (see Figure 2).

Figure 2: Characteristics of the Most Common Public-Private Partnership Models

BOT Model of PPP (Build–Operate–Transfer)	PFI Model of PPP (Private Finance Initiative)
Private Finance Initiative	Private Finance Initiative
The private company designs, finances, and constructs a specific facility or project	The private company designs, finances, and constructs a specific project
The private company operates the facility for a defined period of time, after which the facility is transferred to the public partner	The private company and the public institution jointly use and manage the facility

Source: Author's own research

The BOT model, or Build–Operate–Transfer model, represents a form of delivery and implementation of large-scale infrastructure projects, in which, through private initiative — that is, a private investor or company — a concession is obtained from a state entity (public sector) for the financing, design, construction, management, and operation of a specific facility or system within a defined time period. During that period, the private company uses the facility to recover the investment and operating costs, after which, in accordance with the concession agreement, the facility is transferred to the ownership of the public partner.

The PFI model, or Private Finance Initiative model, represents a specific form of public-private partnership in which the private company undertakes the obligation to design, finance, and construct a certain infrastructure project, as well as all administrative work and maintenance of the project for the benefit of the public sector. The public partner, on its part, uses the specific infrastructure project to provide public services. Based on the research conducted, it can be concluded that this model is most often applied in the sectors of education, healthcare, social protection, and other areas of public interest. Since the private partner is responsible for the design and construction of the facility, it possesses full control over its maintenance, which enables optimization and reduction of the total costs during the project's life cycle. The public



partner pays the private partner an agreed amount that covers all components – design, construction, operation, and maintenance – for a predetermined period.

Discussions

In modern market economies, public institutions are increasingly confronted with the need for new management models that enable the rational use of resources and the provision of improved public services. Therefore, through the entrepreneurial approach, certain characteristics such as flexibility and result orientation can be transferred into the functioning of public institutions. The promotion of innovation, efficiency, and sustainability within the public sector is enhanced by the application of the entrepreneurial approach in the development of public-private partnerships. Schumpeter (1942) originally emphasized the innovative component of entrepreneurial behavior, which possesses the capacity to disrupt economic equilibrium and thereby stimulate economic progress—replacing the old with newer, richer, more developed, and more attractive products (K. McCraw, T. (2007). *Prophet of Innovation*, Harvard University Press, p. 3). Transparent procedures for public-private partnerships, derived from legal regulations, create a favorable business environment that encourages innovative solutions for improving public services. Entrepreneurship, in essence, represents a specific behavioral model of enterprises, based on its core characteristics such as innovativeness, proactivity, risk-taking, and tolerance of uncertainty, among others (Wu, Y.J., Yuan, Ch., & Chen, M. (2021). *From Thinker to Doer: Creativity, Innovation, Maker and Venture Capital*, Frontiers, pp. 7–10). A significant role in ensuring synergy between the protection of the public interest and the result-oriented nature of private companies is played by public policies that foster the entrepreneurial spirit within state institutions through the encouragement of initiative and the effective management of risks. The successful implementation of the PPP model depends on institutional capacity, a clear legal framework, and the consistent application of control and oversight policies. Conversely, entrepreneurship is often understood as an individual behavior aimed at promoting innovation and expressing creative activities (Ozsungur, 2021). The entrepreneurial approach should not be perceived as opposing the public interest, but rather as a complementary framework for enhancing efficiency and innovation within the public sector.

Conclusions

The entrepreneurial approach and the policies applied within the framework of the public-private partnership model contribute to making the public sector more innovative, flexible, and results-oriented. By combining public and private resources and aligning the aspirations of both partners, public-private partnerships enable better market valorization of public assets and greater efficiency in public spending, all with the purpose of achieving outcomes that serve the public interest (Link, A. N., *Public/Private Partnership: Innovation Strategies and Policy Alternatives*, Springer, New York, 2006, p. 4). To ensure the long-term success of public-private partnerships, it is essential to implement policies that promote transparency, accountability, and professionalism within the public sector, as well as stable institutional support for investors. The application of appropriate policies creates active value creators, allowing private companies, through participation in projects of public interest, to contribute to social progress, mutual interests, and shared benefits based on trust and responsibility. In this regard, the following policy measures are proposed: Policies for harmonizing and simplifying the legal framework governing public-private partnerships; The establishment of a



specialized state institution for public-private partnerships to provide appropriate support to both public institutions and private enterprises; The implementation of standards for control and accountability throughout the entire PPP process; The promotion of risk-sharing models, ensuring that both public and private sectors equitably distribute investments and benefits; The creation of financial models that facilitate the realization of PPP projects; Policies for strengthening institutional capacity and human resources; Policies for fostering innovation and sustainable development; and Policies aimed at strengthening public trust and awareness. These measures help stimulate innovative approaches among companies and encourage the identification of new markets (Faulkner, 2001). Promoting the entrepreneurial approach within the public sector should be understood as a strategic direction for improving public management and enhancing the effectiveness of public resources. The entrepreneurial approach is not contrary to the public interest—it is, in fact, a necessary precondition for its more efficient realization. With properly designed policies and a genuine partnership between public and private entities, sustainable management models can be established that will contribute to greater competitiveness, improved infrastructure, and a higher quality of life for citizens.

Conflict of interests

I declare no conflict of interest.

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