The effects of government policy on organizational performance of provincial administration organization: mediating role of public entrepreneurship [version 1; peer review: awaiting peer review]

Panitee Karnsomdee

Faculty of Liberal Arts and Management Science, Kasetsart University, Mueang District, Sakon Nakhon Province, 47000, Thailand

Abstract

Background: The new paradigm of government management has stimulated public organizations to establish innovative and competitive management policies through public entrepreneurship in order to provide excellent public service and to enhance public organizational performance. This research study aims to investigate the effects of government policy on organizational performance through the mediating role of public entrepreneurship of provincial administration organization in the upper northeastern region 2 in Thailand.

Methods: This research employs a cross-sectional questionnaire study. Data were collected from 216 government officials through five-point Likert scale questionnaires with validity and reliability analyses. Data were analyzed by descriptive statistics and inferential statistics toward path analysis.

Results: The research results reveal that government policy has a significant direct influence on organizational performance with a standardized coefficient of 0.655. Government policy has a significant indirect effect on organizational performance through the mediating role of public entrepreneurship with a standardized coefficient of 0.566. The total effects can be described with a standardized coefficient of 0.733 at a 0.05 significance level.

Conclusions: The government should establish innovative and competitive public policies to support a rapid change of entrepreneurial orientation, and transform policies into action. As public entrepreneurship has a significant mediating role in enhancing organizational performance, conventional public structures of performance management are being replaced by more innovative, adaptive, and competitive public entrepreneurship in order to get the desired and effective public outcomes for a provincial administration organization.
Keywords
government policy, public policy, organizational performance, public outcome, entrepreneurship, public entrepreneurship, mediating role, provincial administration

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Introduction
The concept of public entrepreneurship has recently been established based on new public management, which focuses on developing competitiveness to drive innovative public work processes and provide excellent public service. Proactive and competitive government management policies on enhancing public entrepreneurship transformation have been determined as key success factors to support the achievement of organizational performance, especially for provincial administration organization as a local government agency in Thailand (Oyebanji & Olanrewaju, 2020). The decentralization of public power and budget to build public entrepreneurs is considered one of the major turning points of the bureaucratic system towards the Thailand 4.0 development model. Thailand 4.0 is a new economic agenda to boost economic development in Thailand based on creativity, innovation, digital technology, and high public service quality as well as to transform labor intensive industry into knowledge orientation towards value-based economy (Jones & Pimdee, 2017). Public entrepreneurship focuses on creating work innovation in order to improve public service quality and to meet public requirements with an appropriately flexible working system, achieving high performance, accepting specified risk, and finally resulting in the achievement of public goals. Many transformational projects have been launched to pivot government agencies toward public entrepreneurship such as establishing digital communities, supporting digital innovative start-up networks, and promoting digital parks for small and medium-sized enterprises (SMEs) (Sangwanna & Pupat, 2014). Although the influence of government policy on organizational performance is well explored (Rodrigo et al., 2019; Kareem & Haseeni, 2015), the mediating role of public entrepreneurship in the context of provincial administration organization as local government agency in Thailand remains in question. Therefore, this research study aims to address this question and explore it in further detail. The objective of this research study is to investigate the effects of government policy on organizational performance through the mediating role of public entrepreneurship, in the context of provincial administration organization in the upper northeastern region 2 in Thailand. The results of this research study could be applied as strategic guidelines for local government organizations to enhance organizational performance. The paper begins with a review of the concepts and theories related to government policy, organizational performance, and public entrepreneurship in order to conceptualize the research conceptual framework and hypotheses development. The research methodology, data collection, analysis of data and the research results are later presented. Next, the proposed recommendation on public entrepreneurship transformation and public organizational performance enhancement as well as managerial implications and government suggestions are discussed. Finally, conclusion of the research findings and recommendations for future researches are documented.

Government policy
A policy can be defined as a plan of action established by an organization or a political party to determine the scope of operations; a policy is also a principle or set of plans used as a basis for making decisions (Akinyemi & Adejumo, 2018). Government policies include political activities, plans, and a scope of principles to be achieved by government and political actors in order to recognize public issues and make public decisions for the country’s development. Recently, government agencies are continuously implementing change through transforming public policies into actions and supporting the growth of innovation capacity in the government organization, as government policies have an influence on organizational performance (Ismanu & Kusmintarti, 2019; Karungani & Ochiri, 2017). As the challenges for public services become more complex, the concept of innovative and competitive management policies is being increasingly revisited and replaced by more adaptive and effective policies such as public entrepreneurship policies. It can be seen that an essential and appropriate government policy can enhance the concept of public entrepreneurship within an organization (Akinyemi & Adejumo, 2018; Obaji & Olugu, 2014). The role of government is perceived to be establishing innovative and proactive public policy to serve new public service demands and to motivate entrepreneurial orientation in various public organizations. Consequently, public entrepreneurship, as a government tool, seems to rapidly enhance public organizational performance and outcomes (Kareem & Haseeni, 2015; Sandfort, Selden, & Sowa, 2008). Therefore, this research study focuses on the entrepreneurial policies made by the government in order to build an innovative and effective public working system in the organization, and finally to increase organizational performance.

Public entrepreneurship
The concept of entrepreneurship in public organizations is highly incorporated into the mind-set of government officials (Kim, 2010; Kearney, Hisrich, & Roche, 2009) and can be used to change the orientation of public staff to be more innovative, creative, anticipatory, have higher risk acceptance, and be able to predict opportunities (Fahim, 2018; Banda & Kazonga, 2018). Public entrepreneurship can be defined as an activity that integrates or blends two different managerial roles: that of a public servant, and that of private entrepreneur (Syam, Lamangida, Madubun, Norwawati, & Akib, 2018). In emerging countries, and especially in Thailand, entrepreneurship development in the public sector seems to be of particular importance for driving the improvement of the economy. The government can implement various policies that change social and economic behaviors in order to influence the country’s growth and sustainability (Nikolov & Botseva, 2018; Wahyuni, 2004). It is thought that the recent government policy development on public entrepreneurship, consisting of building competitiveness, innovation, and digitalization, will bring the necessary change for the
country (Svensson, 2019; Sarfat, 2012). Future government services will increasingly need to rethink and react like an entrepreneur, including innovative-orientation, risk acceptance, competitive service, and public digitalization (Kim, 2010; Zerbinati & Souitaris, 2005). The need for public entrepreneurship policies and programs has been recognized and programs have been established to promote entrepreneurial activities, stimulate innovative systematic thinking, and form collaborative relationships across government agencies, private sectors, and civil society in order to rapidly increase change and particularly to enhance public performance and outcomes (Rezaeikar & Azadehdel, 2015; Kim, 2010). Currently, the managerial and administrative organizational reforms of public organization toward public entrepreneurship have been established in the public sector with critical key functions to improve organizational performance (Fahim, 2018; Karinda et al., 2016). Therefore, this research study focuses on public entrepreneurship as having a mediating role in government policy and organizational performance in provincial administration organizations in Thailand.

Organizational performance

Organizational performance has become a significant indicator to measure ultimate outcomes compared to desired outcomes, especially in government organizations. Organizational performance has been defined as the process or action of performing a task towards the ultimate result of operations (Kearney, Hisrich, & Roche, 2008; Antoncic & Scarlat, 2005). It can be seen that public organizational performance seems to be directly influenced by government policy implementation (Akinyemi & Adejumo, 2018; Peters, 2015). Currently, a public entrepreneurship policy has been launched by the government to increase innovative and competitive public outcomes, and consequently enhance public organizational performance. Importantly, public organizations have established various modern performance determinant methods in order to measure outcome achievement. One of the various measurement instruments indicated a balanced scorecard, an organizational performance measurement system to reach the desired outcome, which provided a general outline for government organizations to achieve (Zastempowski, 2015; Greatbanks & Tapp, 2007). A balanced scorecard has gained widespread acceptance due to its use as a practical and a multi-dimensional performance measurement tool for public organizations. The performance management of a balanced scorecard applied in the public sector consists of four perspective dimensions: innovation and learning; efficiency of internal processes; public service quality; and effectiveness of goal achievement (Northcott & Taulapapa, 2012). The public performance will ultimately be driven by establishing the innovative and proactive government management policy and implementing public entrepreneurship in public organizations, in order to achieve desired organizational outcomes according to the rapid change of the external environment (Rodrigo et al., 2019). It can be seen that the concept of entrepreneurship within the public sector establishes a vital impact on public sector organizational performance including growth, development and productivity (Oyebanji & Olanrewaju, 2020; Kearney, Hisrich, & Roche, 2008). Therefore, this research study focuses on the effects of government policy on organizational performance in order to investigate the direct and indirect effects of such relationships.

To conclude, from the literature reviews of three variables of government policy, organizational performance, and public entrepreneurship, as discussed above, it can be seen that there are some relationships among the three specified variables to further explore and conceptualize in the model of this research study. The conceptual framework explaining such relationships was intensively investigated with hypotheses development.

Conceptual framework and hypotheses development

From the literature review, the conceptual framework of this research study was built and is presented in Figure 1. It describes the effects of government policy on organizational performance through the mediating role of public entrepreneurship in provincial administration organizations in the upper northeastern region 2 of Thailand. The conceptual framework has been developed for hypotheses testing based on the three bodies of knowledge (government policy, organizational performance, and public entrepreneurship) cited in the theoretical framework, as well as the researcher’s exploration about the relationship among the specified three variables.

![Figure 1. Conceptual framework.](image-url)
Based on the literature reviews of the constructs with the conceptualization of the relationships among the specified three variables, the hypotheses development proposed by the above conceptual framework can be described as follows:

**H1.** Government policy has a direct effect on organizational performance of the provincial administration organization in the upper northeastern region 2 of Thailand.

**H2.** Government policy has an indirect effect on organizational performance through the mediating role of public entrepreneurship in a provincial administration organization in the upper northeastern region 2 of Thailand.

In addition, the research hypotheses can be described in the forms of structural equations in order to explain the relationship between the independent variable and the dependent variable, as well as to predict the dependent variable according to the causal model analysis. The symbols used to represent the specified three variables stated as follows:

- GOVP = Government policy
- PUBE = Public entrepreneurship
- ORGP = Organizational performance

The structural equations can be described as follows:

\[
ORGP = \beta_1 \text{GOVP} \\
ORGP = \beta_2 \text{GOVP} + \beta_3 \text{PUBE}
\]

The parameters of \(\beta_1, \beta_2, \) and \(\beta_3\) in the equations refer to path coefficients, and they quantify the causal effects of the independent variable on the dependent variable (Pearl, 2010).

**Methods**

**Ethical approval**

Ethical approval was waived for this study as it is a survey research with no sensitive questions, as well as having no impact on respondents as the results are not specific. Additionally, the encode-recording of information ensures confidentiality as individual persons cannot be identified. The research had voluntary participation in the form of a consent statement in the questionnaire, with privacy and confidentiality protection. Finally, the data was collected through research assistants for education only and the research results do not identify the functional department of organizations, merely the organizations overall.

**Sampling and data collection**

This research study aimed to investigate the effects of government policy on organizational performance through the mediating role of public entrepreneurship in provincial administration organizations in the upper northeastern region 2 of Thailand. This research study used a quantitative research method. A sample of 216 government officials of provincial administration organizations in the upper northeastern region 2 of Thailand was collected from the Office of the Permanent Secretary database as of June 2019; this number was determined using simple random sampling based on Taro Yamane’s formula (Yamane, 1973). Yamane explains a simplified formula to calculate the sample size from the population size with 95% confident level. Data were collected using five-point Likert scale questionnaire surveys. Printed questionnaires were created and distributed to the participants during the period of August–September 2019 via research assistants who are responsible for explaining the purpose of this research and the data usage, and gaining voluntary consent from participants. The respondents were asked to rate the questions using the five-point rating scale indications (5 = most agree, 1 = least agree). This research study was a cross-sectional construct as the data were collected at a single point in time from the specified key respondents with 100% response rate. For validity and reliability analysis, content validity was applied to ensure the accuracy of the research instrument. Content validation employs a primary role in assessing the degree to which the instrument measures the targeted constructed (Rusticus, 2014). Overall, the scale content validity index for the questionnaire was 1.00, demonstrating absolute agreement among content qualified experts. In addition, this research study employed the Cronbach’s alpha to test for reliability. The Cronbach’s alpha coefficient of all variables were calculated as follows: reliability values of government policy, organizational performance, and public entrepreneurship were at 0.904, 0.941, and 0.936, respectively, as shown in Table 1. The Cronbach’s alpha value for all variables is greater than 0.700, so it shows that the survey has very good reliability. The research results can be analyzed for significance with 95% confidence interval.
Data analysis

The research results were analyzed using SPSS version 26. Data were analyzed by using descriptive statistics. Frequency and percentage were used to describe the demographic information of respondents and mean and standard deviation were used for levels of respondents’ opinions on government policy, organizational performance, and public entrepreneurship. In addition, data were analyzed using inferential statistics stated as follows: Pearson’s product-moment correlation was applied to test the relationship among variables; path analysis was applied for hypotheses testing on direct and indirect effects of government policy on organizational performance through the mediating role of public entrepreneurship. Bias in research was considered and can be minimized through implementing a structured survey design and ensuring questions are well constructed, as this helps to ensure participants’ responses are more accurate and autonomous.

Results

The research findings from the respondents, hypotheses testing, discussion of results and implications for the study of the effects of government policy on organizational performance through the mediating role of public entrepreneurship on provincial administration organizations in the upper northeastern region 2 of Thailand are presented as follows.

Description of the respondents

216 questionnaire surveys were distributed to participants during the period of August-September, 2019. All were completed and correctly filled out, giving a 100% response rate. The research findings revealed that of 216 government officials from the upper northeastern region 2 in Thailand who took the surveys, 59.30% were female. The most common age group of government officials was that of 21-30 years, and this made up 36.10% of respondents. For the respondents’ education, most of the government officials had earned a Bachelor’s degree (77.80%). In addition, the most common position was that of government official (63.00%), with 6-10 years’ experience (33.30%). Most of the government officials worked for the Sakon Nakhon Provincial Administration Organization (43.10%). Lastly, the most common monthly income of the respondents was in between 10,001-20,000 Baht (52.30%), as shown in Table 2.

Hypotheses testing

For descriptive statistics, the collected data from five-point Likert scale questionnaire surveys specifying the rating scale indications (5 = most agree, 1 = least agree) were calculated as average scores and standard deviations. The mean scores of government officials’ opinion on government policy, public entrepreneurship, and organizational performance were high, with average scores on Likert scale of 3.65, 3.70, and 3.68, respectively. In addition, the standard deviations on Likert scales of these measures were 0.69, 0.74, and 0.70, respectively.

For inferential statistics, the analysis of the correlation coefficient among the two independent variables and the dependent variable was investigated. Pearson’s product-moment correlation was used to determine the relationship of the independent variables. The objective of correlation analysis was to find the magnitude of correlation among the variables and to test for multi-collinearity. Correlation analysis between the independent variables of government policy and public entrepreneurship is shown in Table 3.

Table 3 demonstrates that for the relationship between the independent variables, the correlation coefficients ($r$) do not exceed 0.800. As Hair et al. (2010) described, the relationship between the variables must be less than 0.800 otherwise it may cause multi-collinearity problems (Hair, Black, Babin, & Anderson, 2010). As this research study found that the relationship between the independent variables with the highest coefficient value was 0.756, and so a multi-collinearity problem was not found in this relationship. Therefore, the research study can be tested for hypotheses by applying path analysis using a linear model structure, in order to investigate direct and indirect effects of government policy on organizational performance through the mediating role of public entrepreneurship at a 0.05 significance level.

The research results from hypotheses testing are presented in Table 4.

Table 4 shows the results of hypotheses testing, which are that government policy and public entrepreneurship can causally predict in organizational performance of provincial administration organizations in the upper northeastern
### Table 2. Descriptive statistics of the respondents.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>40.70</td>
</tr>
<tr>
<td>Female</td>
<td>59.30</td>
</tr>
<tr>
<td><strong>Age (years)</strong></td>
<td></td>
</tr>
<tr>
<td>21 – 30 years</td>
<td>36.10</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>33.30</td>
</tr>
<tr>
<td>More than 40 years</td>
<td>30.60</td>
</tr>
<tr>
<td><strong>Educational background</strong></td>
<td></td>
</tr>
<tr>
<td>Lower than Bachelor’s degree</td>
<td>11.60</td>
</tr>
<tr>
<td>Bachelor’s degree or equivalent</td>
<td>77.80</td>
</tr>
<tr>
<td>Higher than Bachelor’s degree</td>
<td>10.60</td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td></td>
</tr>
<tr>
<td>Government official</td>
<td>63.00</td>
</tr>
<tr>
<td>Employee</td>
<td>13.90</td>
</tr>
<tr>
<td>Staff</td>
<td>22.20</td>
</tr>
<tr>
<td>Others</td>
<td>0.90</td>
</tr>
<tr>
<td><strong>Work experience</strong></td>
<td></td>
</tr>
<tr>
<td>Less than 6 years</td>
<td>19.90</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>33.30</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>28.70</td>
</tr>
<tr>
<td>More than 15 years</td>
<td>18.10</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
</tr>
<tr>
<td>Sakon Nakhon Provincial Administration</td>
<td>43.10</td>
</tr>
<tr>
<td>Nakhon Panom Provincial Administration</td>
<td>32.40</td>
</tr>
<tr>
<td>Mukdahan Provincial Administration</td>
<td>24.50</td>
</tr>
<tr>
<td><strong>Monthly income</strong></td>
<td></td>
</tr>
<tr>
<td>Less than 10,001 Baht</td>
<td>4.20</td>
</tr>
<tr>
<td>10,001 – 20,000 Baht</td>
<td>52.30</td>
</tr>
<tr>
<td>20,001 – 30,000 Baht</td>
<td>29.20</td>
</tr>
<tr>
<td>More than 30,000 Baht</td>
<td>14.30</td>
</tr>
</tbody>
</table>

### Table 3. Correlation analysis of the independent variables (GOVP, government policy; PUBE, public entrepreneurship; ORGP, organizational performance).

<table>
<thead>
<tr>
<th>Variables</th>
<th>GOVP</th>
<th>PUBE</th>
<th>ORGP</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEAN</td>
<td>3.65</td>
<td>3.70</td>
<td>3.68</td>
</tr>
<tr>
<td>S.D.</td>
<td>0.69</td>
<td>0.74</td>
<td>0.70</td>
</tr>
<tr>
<td>GOVP</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUBE</td>
<td>0.756**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>ORGP</td>
<td>0.655**</td>
<td>0.749**</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (two-tailed).
region 2 in Thailand up to 57.60% (adjusted R-Square 0.576) at a 0.05 significance level. In terms of the effects, government policy has a significant direct effect on organizational performance with a standardized coefficient of 0.655. The government policy has a significant direct effect on public entrepreneurship with a standardized coefficient of 0.756. Public entrepreneurship has a significant effect affected on organizational performance with a standardized coefficient of 0.749. In addition, government policy has a significant indirect effect on organizational performance through the mediating role of public entrepreneurship with a standardized coefficient of 0.566. The total effects can be described with a standardized coefficient of 0.773 at a 0.05 significance level. The research results have significant effects with 95% confidence intervals.

### Discussion

According to the results of hypotheses testing by applying path analysis, government policy has a significant direct and indirect effect on organizational performance through the mediating role of public entrepreneurship in provincial administration organizations in the upper northeastern region 2 of Thailand. In general, the research results from this study are aligned with other previous literatures that investigated this topic in other organizations and in other countries (Oyebanji & Olanrewaju, 2020; Rodrigo et al., 2019; Akinyemi & Adejumo, 2018; Karinda et al., 2016; Kareem & Haseeni, 2015). Specifically, the research results recommend that modern government policies on driving public entrepreneurship are significant to organizational performance achievement in public sector. Despite the contributions this research study intensely provided, nominal limitations still need to be discussed. Firstly, the scope of data collection is only limited to the provincial administration organizations in the upper northeastern region 2 of Thailand. The limited sample coverage could impact the degree to which the research results can be generalized to the larger population. Secondly, the use of self-administered questionnaire surveys for data collection could lead to some subjective bias in the data. However, the proposed proactive policies for public entrepreneurship transformation and public performance enhancement of provincial administration organizations are discussed as follows.

Firstly, the government should establish innovative and competitive public policies to support the rapid change of entrepreneurial orientation for provincial administration organizations. As government policies on public entrepreneurship can encourage public organizations to take risks, and boost creativity, innovation, flexibility and adaptation as well as utilization of opportunities, the government should intensely consider these issues.

Secondly, government organizations should drive radical change to public entrepreneurship in order to efficiently manage public resources, innovatively provide excellent public services, strategically facilitate risk, continually sustain public interests, and effectively achieve organizational performance in the long run. The government should predominantly transform important policies into action.
Thirdly, government agencies should build public capacity as the role of public entrepreneurship will be critical in continuing to support the potential of government officials to deliver excellent public services and achieve better performance and outcomes. Conventional public structures of performance management are being replaced by more innovative, adaptive, and competitive public entrepreneurship strategies in order to get the desired and more effective public outcomes.

In conclusion, it can be seen that the essential proposed recommendations on public entrepreneurship transformation and public organizational performance enhancement as well as managerial implications and government suggestions are significant to all public organizations. The research results can be generalized to local government agencies to transform proactive government policies into actions, through establishing innovative strategy, implementing proactive working system, and incorporating digital technology for public service provision in order to enhance organizational performance.

Conclusion
The general inference drawn from this research study on the effects of government policy on organizational performance through the mediating role of public entrepreneurship in provincial administration organizations in the upper northeastern region 2 of Thailand concludes that government policies are important guidelines to implement entrepreneurial activities and to enhance government organizational performance, especially for some local government organizations that plan to transform themselves into public entrepreneurship. Public entrepreneurship is favourable in promoting innovation, increasing risk-taking orientation and boosting public organizational performance and outcomes for local government organizations in Thailand. However, this research study eagerly calls for more studies on other antecedent factors influencing public entrepreneurship in various levels of government organizations as future research.

Data availability
Underlying data

This research contains the following underlying data:

- Input-SaNooK_Scopus (English).sav (raw data sheet).


Extended data


Data are available under the terms of the Creative Commons Attribution 4.0 International license (CC-BY 4.0).

References


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