ENGLISCH SUMMARY

Entrepreneurship in Healthcare for the Elderly: Requirements, Resistance, Reality

Introduction

The healthcare sector is faced with an increasing turbulence that is caused by major changes in the social, political and institutional environments. In virtually all developed countries, there is a restructuring of the way in which care for the elderly is organized (Van der Grinden, 2004; Porter, 2006; De Gooijer, 2007, Saltman, Calltorp and De Roo, 2011). These changes are designed to reduce costs and encourage a customer-oriented kind of care. Attempts to improve public healthcare services and specific developments in the Dutch healthcare system aimed at introducing a demand-driven market mechanism have led to shifts within the sector. There is a changing relationship between the government and social enterprises, and within the sector, which at first was only serviced by social enterprises, more and more commercial service providers are active. As a result, there is not only increased competition, but increasingly also collaboration between the public and private sectors. These changes have led to a competitive landscape with inherent substantial uncertainties, in addition to which there is also a dissatisfaction with regard to the performance of social enterprises. The various stakeholders often have high and diverging expectations that are (or can be) realized insufficiently. The costs have to be reduced and the service quality has to be improved (Gradius, Van Asselt, Bovenberg and Klink, 2011).

Healthcare for the elderly is an interesting area of the healthcare sector, because it poses challenges to organizations that are active in that area, mainly for three reasons. First of all, the resources that are available are seriously limited. Secondly, due to an aging population, it is necessary to increase the volume of the services being provided. And thirdly, the characteristics of the elderly in question are changing as well. Their needs and requirements do not match the services that are currently being provided (Boekholdt, 2007; Rijkschroeff en Stavenuiter, 2006; WRR, 2006).

However, the discrepancies between customer requirements and the services being offered also provide opportunities to organizations that are looking for opportunities that thus far have not been spotted or seized (Asoh, Rivers, McCleary en Sarvela, 2005). Entrepreneurship is seen as a promising alternative to respond to specific circumstances in which flexible solutions to social needs have to be found (Mason, Kirkbride en Bryde, 2007). However, (inter)national research into entrepreneurship by non-profit organizations, in recent years often referred to as social entrepreneurship, is still largely lacking. It is known that profit and non-profit organizations differ with regard to their goals and environments. Non-profit organizations have a social rather than commercial mission and their external environment is characterized by (many) more stakeholders with diverging interests. Thus far, little insight is available into the impact of this specific context on manifestations and challenges of entrepreneurship on the
part of non-profit organizations (Bezemer, Volberda, Van Den Bosch en Jansen, 2006; Morris, Coombes, Schindehutte en Allen, 2007).

In traditional approaches, it is assumed that the context is a discrete variable that can be verified in predictive models. As a result, there is a lack of empirical studies that are aimed specifically at studying the process of entrepreneurship within its context. However, Zahra (2005) emphasizes the importance of context when it comes to gaining access to resources and giving meaning to actions. In the words of Morris, Webb and Franklin: “Contextual differences produce subtle yet important differences in the form of entrepreneurship” (Morris, Webb and Franklin, 2011, p. 48). There is a need for further theoretical and empirical analysis of the specific context and how it affects the way entrepreneurship manifests itself (Phan, Wright, Ucbasan en Tan 2009; Sundin en Tilmar, 2008; Bartlett en Dibben, 2002; Sandford, 2010).

Methodology

The goal of this study is to establish a connection between the social issue of ‘how organizations in healthcare for the elderly can become more entrepreneurial and thus improve their services, in light of all the recent developments’ on the one hand, and the scientific issue ‘that entrepreneurship has to be studied in relation to its context to gain insight into the process and the variety of entrepreneurship’. This will provide insight into the issues and problems that play a role in practice, while at the same time making it clear where the theoretical boundaries are. This study will examine the following research question: How does entrepreneurship manifest itself at a board of directors and organizational level in social enterprises in the Dutch healthcare sector and in what way are these manifestations influenced by their context?

In this study, that context is divided into the organizational context and the external context. The organizational context is defined as the (f)actors within the organization in which entrepreneurship occurs and is operationalized by the mission of the organization and the organizational conditions of structure, culture and climate. The external context is defined as the (f)actors outside of the organization and is operationalized by the forces that are present in healthcare for the elderly. To gain insight into the characterization and variety of entrepreneurship at the board of executives/directors level, interviews were conducted with 30 executives/directors of social enterprises providing healthcare to the elderly in the Netherlands. To gain insight into the development of entrepreneurship at an organizational level, a longitudinal multi-case study involving two social enterprises that are active in the sector under investigation was conducted. For a period of twelve months, a total of 13 initiatives were followed to gain insight into the process and variety of these activities and to determine how they are influenced by their context. Because, as yet, little is known about entrepreneurship by social enterprises providing healthcare to the elderly, the decision was made to conduct qualitative, exploratory research in the form of a contextual process approach. This means that the continuous
mutual interaction between process and context is included in the analysis specifically, To gain insight into the events, situations and undefined phenomena in this context, the focus of the research design is largely inductive in nature. The collection and analysis of the data did not take place separately, but the two activities alternated continuously in an iterative process of observation and verification, using data triangulations in the form of document analysis, interviews and observations.

Conclusion

Entrepreneurship at the board of directors level manifests itself in new activities that focus on the client and on the continuity of the organization. At this level, innovations often require substantial investments for several years, and they are strategic and large-scale in nature. However, the level of innovation is often limited, and rarely of such a radical nature that the care structures and systems are affected at a macro-level. The entrepreneurial activities are distinguished in the extent to which they are aimed at realizing social and commercial objectives. At an organizational level, there is a greater variety of initiatives that lead to incremental innovations providing continuous innovation. In everyday practice, people are faced with a variety of problems and challenges. The way employees respond to these problems and challenges and the way they use the available resources lead to internal initiatives designed to meet local requirements or solve local problems. Due to their local and small-scale nature, these initiatives are less visible, as a result of which they are not included in the (theoretical and practical) debate regarding entrepreneurship in the sector under investigation. This produces a limited picture of entrepreneurship in healthcare for the elderly that does not do justice to the variety that can be observed.

This study makes it clear that these different manifestations can be explained by looking at the influence of the context at both levels, in combination with the various roles with regard to entrepreneurship. There is a mutual dependency between the entrepreneurial activities at board and organizational level. Although, at an organizational level, the organizational context is a given, at a board level, it can be influenced. At that level, the mission is determined and, if need be, the organizational conditions are adjusted to changing circumstances. In particular with regard to structure, it can be observed that adjustments are actively being made. However, directors are far less aware of any obstructions when it comes to actually implementing the new processes within the organization. Although directors recognize that the employees are the critical (success) factor, they make insufficient use of their skills and knowledge to alter climate factors that stand in the way of new initiatives. Compared to the organizational context, the extent to which directors can influence the external context is far more limited, but by the introduction of limited market mechanisms at board level, the room for maneuver is increasing. However, lack of clarity with regard to regulation has also caused increased uncertainty, which, depending on a person's attitude, carries either opportunities or threats, but which certainly does not prohibit action. This study demonstrates that directors do have opportunities, but that they fail to seize those opportunities sufficiently. In light of the large variety of
stakeholders, with conflicting values and interests, this is without a doubt a difficult task, but it is a challenges that few directors have chosen to take on. Business plans are filled with ambitions to innovate healthcare, but in reality, most directors still focus on the measurable results on the basis of which they are evaluated by the regulatory and supervisory bodies. Directors take the other stakeholders into account insufficiently, which has important consequences, because the various stakeholders are crucial when it comes to the legitimacy of the (entrepreneurial activities of the) organization. As such, the difference in the requirements and values of the various stakeholders not only explains the variety in reasons (to engage in entrepreneurial behavior), but also the resistance facing entrepreneurship in this sector.

However, this complex, hybrid and moral context turns out not to be the only explanation for the resistance facing the entrepreneurial behavior of organizations providing healthcare to the elderly. At a board level, there is a responsibility for making strategic choices about the strategic (re)positioning of an organization as a social enterprise, which requires transparent communication, both internally and externally. This is necessary, because there is a growing discussion about shifts in the way tasks and responsibilities are distributed between care organizations, government and civil society. This study concludes that, at board level, there is a lack of clear choices with regard to the role and tasks of the organization. As a result, the various stakeholders are faced with a lack of clarity and with false expectations, which in turn affects the legitimacy of the (entrepreneurial activities of the) organization. In addition, it means that the employees lack concrete guidelines and management. Directors are often insufficiently aware that, as a result of the lack of transparency and slow decision-making, individual employees end up having to make the choices and decisions. At an organizational level, there is no time to 'wait' until the board has finally made its decision. The immediate contact with customers make immediate actions necessary. Thus, insight into the needs and requirements of customers and the opportunities and impossibilities of the local context gives rise to initiatives that address practical developments. In fact, it is on the work-floor that the choices are made that lead to continuous innovation at an organizational level.

**Contribution to theory and practice**

The results of this empirical study into entrepreneurship in social enterprises providing care to the elderly contribute to three related themes in theory and practice: entrepreneurship in the non-profit sector, the contextual embeddedness of entrepreneurship and the process of entrepreneurship.

The contribution to the debate on entrepreneurship in the non-profit sector is threefold. This study demonstrates that entrepreneurship is not only about seizing opportunities (*opportunity-driven*). Social entrepreneurship also takes place because, on the one hand, it is strongly encouraged by the government (*necessity-driven*), within a framework of limited market mechanisms and decreasing financial resources, and on the other hand based on an intrinsic belief that things can be done
differently (conviction-driven). This approach to entrepreneurship as 'necessity of change' is an addition to the approach to entrepreneurship as 'opportunities for wealth'. Through this broader notion of entrepreneurship, it also becomes clear that profit and (social) change are not mutually exclusive and that it is not necessary to draw a distinction between 'commercial' and 'social' entrepreneurship (Rindova, Barry and Ketchen, 2009). This leads to the second contribution to the theme of entrepreneurship in the non-profit sector; the contribution to the debate concerning the significance of the concept of 'social entrepreneurship' (Dahies, Verduyn and Wakkee, 2010). This study has made it clear that the use of the concept of social entrepreneurship to refer to entrepreneurship in the non-profit sector is not only conceptually incorrect, but that it also excludes any explanation of the differences in manifestations of entrepreneurship in different organizations within the non-profit sector, because these differences, in contrast to assumptions to the contrary, are not explained by differences in the interpretation of and the relationship between social and economic value creation per organization. The individual choices made by non-profit organizations in this respect are based on the specific mission of the organization, the forms of income generation and negotiations with a variety of stakeholders. The most important role played by the various stakeholders also becomes clear from the third contribution to this theme: the influence of identity and legitimacy on entrepreneurship. This study demonstrates that there is resistance to entrepreneurship in the non-profit sector because the various internal and external stakeholders no longer have a clear idea of what the organization stands for and what its objectives are. This can be explained because internal stakeholders, compared to non-profit organizations, identify more strongly with the original identity of the organization, and fear that the organization may lose sight of its original mission.

In addition, the non-profit organization, through the many external stakeholders with different values and interests, is more deeply embedded in existing values, patterns and dependencies (Smith, Knapp, Barr, Stevens and Channatelli, 2010). As a result, changes have a bigger impact and raise questions regarding the organization's legitimacy. Di Domenico, Haugh and Tracey (2006) point out that it is necessary, especially for non-profit organizations, for directors to develop a legitimacy strategy. This will not only increase the (speed of) acceptence of innovations, but also increase the influence within the external context.

The second theme to which this study contributes is the contextual embeddedness of entrepreneurship. By including the organizational context in the analysis, this study has shown that the difference in manifestations of entrepreneurship can also be explained by looking at the specific characteristics and convictions of the employees. Most initiatives lead to changes in tasks and competencies. The education levels, motivation and attitudes of the employees to a large extent determines whether or not they can and/or want to continue. In the sector providing healthcare to the elderly, most of the staff carry out orders. They have a relatively low educational level and, according to management, they are very emotionally committed, but they are also insecure and have a fear of failure. They have learned to
work in a task-oriented way with standards and protocols, but now they are expected to show more initiative. Although this can be motivating, it also can cause fear and uncertainty. This study shows that, as a result, it is important to actively encourage and manage the development of entrepreneurial activities among this group and that it is also important to provide concrete instructions and examples. This personal approach to management support turns out to be a very important influence on the process and result of the initiatives. This study has shown that not only the organizational context, but the external context as well, has an influence on the differences in the way entrepreneurship is manifested. Entrepreneurship in the sector under investigation is not a neutral process, but has a political and moral element as a result of the aforementioned dilemmas surrounding identity and legitimacy. At an organizational level, many economic decisions have to be made that are closely related to moral and political issues like setting priorities, dealing with inequality and solidarity (WRR, 2004). Because the care organizations make different choices, there is a wide variety of entrepreneurial activities that do not always match what stakeholders perceive as 'good care', which causes resistance (Gastelaars, 2006; Hasenfeld, 2010). The requirements and values of the internal and external stakeholders determine the level of acceptance, which means they also help determine the emergence and boundaries of the innovative practices. Because entrepreneurship within this context is also conviction-driven, organizations deliberately look for and test the boundaries of local codes and professional standards to see to what extent the external rules and values pose a genuine threat. The danger of this is that organizations that diverge too much from existing values and routines can lead to reactions that can be counterproductive. On the other hand, when they stay too close to existing values and routines, changes that are considered necessary will not materialize. This study shows that conviction-driven entrepreneurship is a process of 'mindful deviation' (Garud and Karnoe, 2001).

Together with the (re)combination of existing resources, the revision of existing values and practices, is characteristic of the process of entrepreneurship that is referred to as bricolage (Nelson and Baker, 2005). The process of entrepreneurship is the third theme to which this study offers a contribution. This process can be typified as bricolage. This study shows that bricolage is an intensive process that demands more commitment and effort from people than carrying out tasks in the traditional way. People's willingness to engage in bricolage seems to be connected to the need (conviction-driven) to bring about change. In addition, this study contributes to theory development regarding bricolage by providing insight into four driving mechanisms: local knowledge and experience, the creative (re)use of resources, processes involving many parties and a gradual development. The ability to use the knowledge and experience that is available within the organization well is related to the organization's 'memory' (Duymedjan and Ruling, 2010), which allows the organization to build a foundation of inductively acquired knowledge that provides insight into the opportunities that have as yet not been seized (or that have been seized insufficiently) and the need or desirability to solve problems and implement change. This allows organizations to use existing resources in different ways and come up with new solutions. The creative (re)use of resources is important, because resources can provide
organizations with different 'sets of services'. The connection between resources and the services that can be provided using the resources depends on people's subjective ability to perceive new opportunities. Using the heterogeneity in mental models leads to the emergence of unexpected variations in the way resources are used.

This study has also shown that, through the interaction of the many - internal and external - stakeholders, each with their subjective knowledge, experiences and expectations, it is easier to transcend existing frameworks (and frames of reference) and to discover new opportunities. Innovation exists wherever collaboration transcends existing boundaries. This study shows that, in addition to directors and managers, employees also play an important role, due to their extensive knowledge of everyday practice and everyday problems, which means they bring a lot of details and context-dependent information to the table. This study contributes to the debate about top-down and bottom-up entrepreneurship by explicitly demonstrating the importance of collaboration. The formation of a team with people from different disciplines (horizontal) and hierarchical levels (vertical) is crucial when it comes to making an optimum use of their differences in roles, responsibilities, knowledge and experience. As such, this study demonstrates that operationalizing entrepreneurship as the activities of a 'hero entrepreneur' that lead to spectacular innovations provides an incomplete picture or reality and fails to provide insight into the different manifestations of entrepreneurship. This study has demonstrated that innovation is not necessarily a planned, one-off event, aimed at realizing a spectacular innovation. It is also a continuous process of a modest but steady increase of innovations, in response to everyday problems and needs (Fuglsang, 2010b).