

## CORPORATE SOCIAL ENTREPRENEURSHIP IN THE AGED CARE INDUSTRY: A PILOT STUDY

*Lois Hazelton: Swinburne University Of Technology, Hawthorn, Australia*  
*Murray Gillin: Swinburne University Of Technology, Melbourne, Victoria, Australia*

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**Contact:** Lois Hazelton, Swinburne University of Technology, PO Box 218, HAWTHORN, 3122 HAWTHORN, Australia, (T) 61417582755, (F) 61394158454, Email: cedhertha@bigpond.com

### ABSTRACT

This paper assesses the findings of a pilot study on an aged care facility to act entrepreneurially and support innovation to deliver resident valued services and meet policy guidelines that are aligned to community and government expectations and standards. The efficacy of a validated survey instrument ((Ireland, Kuratko, Morris, 2006a) is tested to: identify the opportunities for corporate social entrepreneurship within the aged care industry; evaluate the role of the board, management, and staff as care providers in targeted innovation initiatives; and contribute to a model for sustainable corporate entrepreneurship. Preliminary analysis indicates that the health audit as developed by Ireland et al 2006 will be a relevant instrument to assess the propensity for corporate social entrepreneurship within aged care organisations. The assessment of the entrepreneurial climate enables the organisation to assess, evaluate and manage the internal work environment in ways that support entrepreneurial behaviour and the use of a corporate social entrepreneurship strategy.

### INTRODUCTION

Care of the aged has become a topic for sustained discussion across all sections of the community. Individuals as they age have always been concerned about the ‘who, what, where, why and how’ of their future. Families and significant others have become increasingly concerned with the quality of aged care services at all levels – decision making and bedside care are two such areas of concern. Aged care is a major industry that consists of many components to make a functioning whole. The Board of an aged care facility, as the approved-provider, has to juggle these multiple parts to ensure a successful strategy. Indeed board members, management staff, and care employees throughout an aged care facility who are engaging in entrepreneurial behaviour are the very foundation for organizational entrepreneurship and innovation.

This paper assesses the findings of a pilot study of an aged care facility to act entrepreneurially and support innovation to deliver resident valued services and meet policy guidelines that are aligned to community and government expectations and standards. These policy requirements by government form the basis for governance bodies in aged care organizations to practice corporate social entrepreneurship.

However, innovation does not surface in an organizational vacuum (Ireland, Kuratko, Morris, 2006a). Ireland and his colleagues define a Corporate Entrepreneurial Strategy (CES) “as a vision directed organisation wide reliance on entrepreneurial behaviour that purposefully and continuously rejuvenates the organisation and shapes the scope of its operations by recognising and exploiting entrepreneurial opportunities that are oriented to innovation”. (Ireland et al 2006a, p 21) Indeed, it is argued that board members, management staff, and care employees throughout an organisation who are engaging in entrepreneurial behaviour are the very foundation for organizational entrepreneurship and innovation (Spring & Gillin 2005), (Bartlett & Ghoshal, 1994), (O’Reilly & Tushman, 2004). Ireland et al (2006a)

define this entrepreneurial behaviour as ‘a process through which individuals (all levels) in an established organisation pursue entrepreneurial activities to innovate without regard to the level and nature of currently available resources’ (p10). (Zahra and Covin, 1995, Zahra, Nielsen, and Bogner, 1999)

In consideration of aged care innovation, Reinhard, Young, Kane, and Quinn (2006) has identified the issue of nurse delegation of medication administration as an opportunity to identify new mechanisms within the organisation structure and culture highlighting the fundamental barrier to innovation as a lack of clarity in understanding statutory and regulatory scope of delegation (p78). A further example of the potential to impose severe limits on the board’s capacity to facilitate change is the significant level of industry and facility regulation and conforming to uniform quality requirements (Ozanne, 2007), (Cullen, 2007). In The USA, Guo (2003.) has sought to apply an entrepreneurship understanding to assessment of innovation in Health Care Organisations and Managed programs and concluded that a link exists between effective health care and entrepreneurship (Moon, 1999). A similar finding has been observed amongst the care of the elderly in Finland (Karttunen, 2000), (Drayton, 2002). These examples of government policy (national and state) provide impetus for aged care boards (approved providers) to take directions that may well result in the recognition described by Ireland, Kuratko, & Morris (2006b p13) that “interactions among organisational characteristics, individual characteristics and some kind of precipitating event in the firm’s internal work environment and external work environment are the precursors of corporate entrepreneurship in organisations. We label these conditions and events as ‘triggers’.

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So, within a corporate social organisation it is likely that such ‘triggers’ could result from outside the organisation, such as rapid technological change within the industry and imposed changes in government policy, government regulation and law requirements that may tend to produce entrepreneurial projects that are more innovative or that represent major departures from the status quo (Ireland et al, 2006, Davis, 2002). In summary, opportunity to research innovative behaviour within the organisation and the presence or otherwise of ‘innovation decision making’ within an organisation may lead to a new model for aged care service delivery.

Entrepreneurial opportunities (O’Connor & Rice, 2001) are situations in which new services can be delivered to satisfy the expectations of the stakeholders in aged care in a reliable and sustainable context. To be sustainable the impact value will exceed the cost of development, distribution and support and be valued by the aged care recipient. This context includes resident focused service, optimal outcomes, inclusivity of staff to achieve successful programs that are aligned to community and government expectations and standards. The decision making processes associated with developing these strategic entrepreneurial activities as mentioned above requires an examination of how Board/CEO/Director of Nursing (DON) members collect information and make decisions.

Whilst there has been a significant focus of attention on entrepreneurial behaviour, understanding how entrepreneurs make decisions in corporate settings has been less researched and therefore understood. Most scholars agree that what differentiates an entrepreneur from the rest is their behaviour. Nevertheless, attempting to differentiate the behaviour of an entrepreneur from others has thus far proved difficult (Keh, Foo et al. 2002; Mitchell, Busenitz et al. 2002; McGrath, MacMillan 2000). Also the concept of corporate entrepreneurship within traditional organisations (Hamel, 2006) has been poorly understood resulting in a lack of strategic innovation in board direction and policy formulation. Hospitals were the main health care service that had Boards of Management and were typically comprised of doctors, lawyers accountants and more recently a trend towards inclusive memberships, with members of other professions (nursing, social work) and lay people, (Griffith 1999). Boards of Management for Aged Care Services have again followed a traditional path of membership and governance and similarly the approved provider or board in the aged care industry has been slow to develop strategic innovations for effective programs at the delivery phase of aged-care service.

This initial pilot study is designed to test a validated survey instrument, the Entrepreneurial Climate Indicator and Entrepreneurial Intensity of a selected aged care facility with a reputation for innovation. A primary requirement of the instrument is to discriminate between behaviours, understandings and practice of innovation within a decision making context. This evaluation will be tested against the following research questions:

How do the boards look for and create both radical and incremental innovation? How do they make decisions? Do they pursue best practice and is there a relationship between best practice and entrepreneurship? How do they turn policy directives into creativity and innovation, and social entrepreneurship endeavour?

**FRAMEWORK**

Aged care is a major industry that consists of many components to make a functioning whole. The Board, as the approved-provider, has to juggle these multiple parts to ensure a successful strategy. The Board/CEO/DON continuum is central to achieving organisational innovation efforts and a focus on resident needs and satisfaction.

In consideration of the complex interaction of global issues that impact on the innovation initiatives of the Board and the regulated environment of the operations activities, the following framework illustrates the issues surrounding a commitment to corporate social entrepreneurship. In particular this framework shows the relationship with external stakeholders such as government policy makers, regulators, professional practice requirements, programs and structures for delivering aged care services (Figure 1).

Within this framework the provision of sustainable and efficient services to the residents is essential if effective resident care and satisfaction is to be achieved. This paper will focus on measuring the entrepreneurial climate and entrepreneurial intensity of the pilot facility. Using the Ireland et al 2006, “characteristics of an internal work environment that supports corporate entrepreneurship” and comprising structure, controls, human resource management and culture, one perspective to be assessed is that “top level managers must ‘pick winners’ much as a venture capitalist does. They must somehow identify innately entrepreneurial employees and then provide resources to them in the expectation that they will produce the innovations” (p 14). A second perspective involves top level management creating a work environment that is “highly conducive of entrepreneurship and entrepreneurial behaviour” (p. 14).

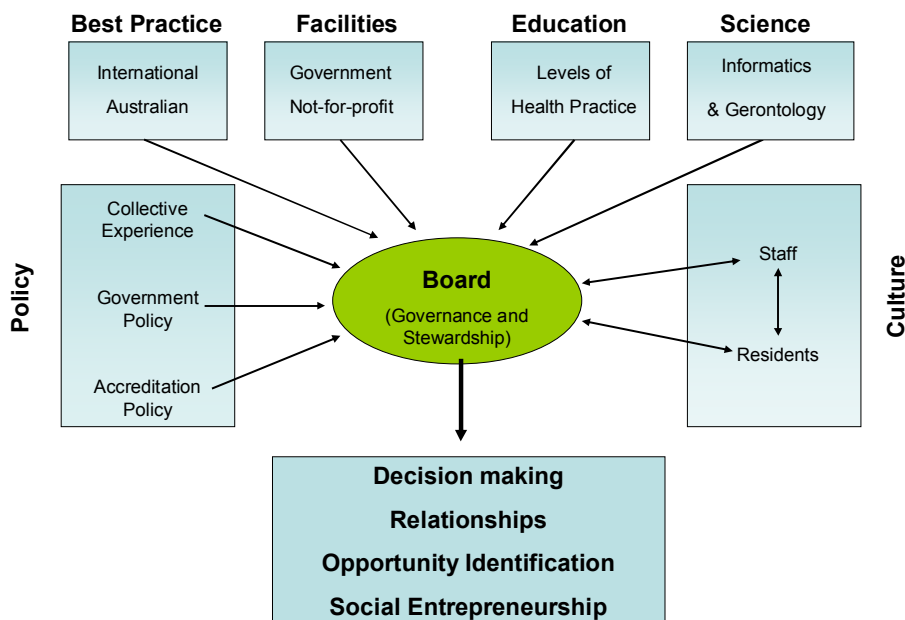


Figure 1 Conceptual Framework for Aged Care Social Entrepreneurship

## Framework for Sustainable Corporate Entrepreneurship

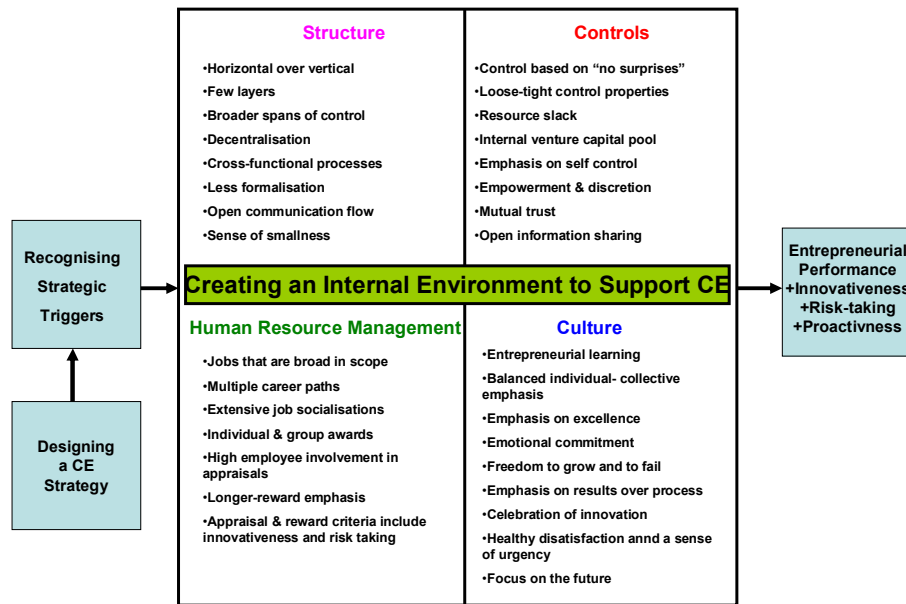


Figure 2 A Model for Sustainable Corporate Entrepreneurship  
(After Ireland, Kuratko and Morris, 2006b)

These concepts are illustrated in the Ireland et al 2006 model for sustainable corporate entrepreneurship (Figure 2). This pilot study seeks to apply the above CE concept to a socially focused corporate organisation assuming that the entrepreneurial principles should apply in meeting resident needs for aged care.

## METHODOLOGY

The research seeks to assess the Board's capacity (unit of analysis) to create an internal environment (independent variable) that supports corporate social entrepreneurship. To assess the innovation climate of such an environment, four central components (dependent variables) - structure, controls, human resource management and culture are evaluated using the Ireland et al (2006b) 'Corporate Entrepreneurship Climate Instrument' (CECI). Some questions were modified to reflect the social dimension in an aged care facility without changing the focus of the survey instrument. In addition a second instrument (Ireland et al, 2006b) was used to assess the Entrepreneurial Intensity (EI) within the organisation. This instrument seeks to measure innovativeness (creative, unusual or novel solutions), risk-taking (committing significant resources to opportunities) and proactiveness (anticipating and acting in light of recognised opportunities). The pilot study health audit was administered in three steps:

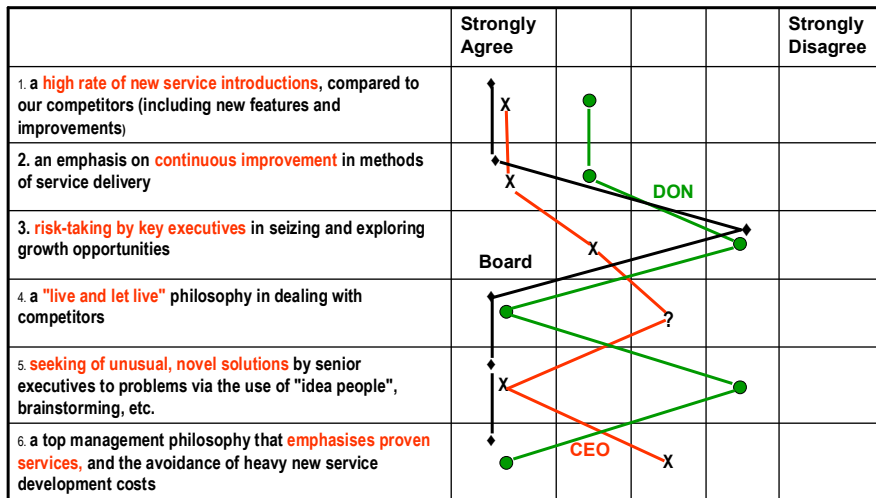
- Step #1: Assess the Facility's Entrepreneurial Intensity (EI instrument)
- Step #2: Diagnose the Internal Environment for Corporate Social Entrepreneurship (CECI instrument)
- Step #3: Create an Understanding of the CSE/Innovation Process through structured interviews with the Board/CEO/DON,
- Step #4: Assess perceptions using content analysis (NVivo software) and compare the capacity of the instruments to discriminate these perceptions.

The pilot study facility was chosen because it has a long established reputation for innovation as a facility that was established for and by the community in response to an identified social need for the local population. The facility was structured with an experienced board, a dynamic CEO and an operational DON that was facing the challenge of achieving a new state of relevance for the needs of that community.

## RESULTS AND IMPLICATIONS

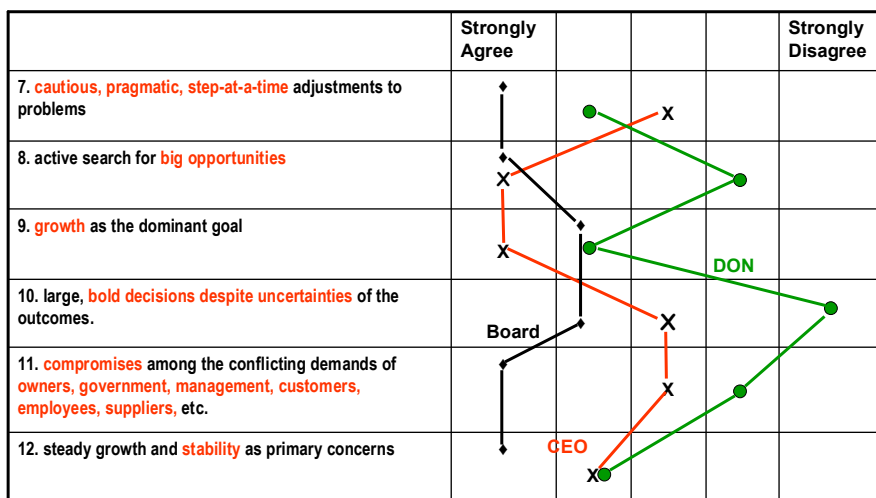
In assessing the Entrepreneurial Intensity (EI) of the Aged Care Facility two screens were found to be appropriate to a social enterprise focused on services rather than product supply. The two screens:

company characteristics (Figure 3); and level of decision making (Figure 4), identified the degree of entrepreneurship and compare the perspectives of different leaders/managers surveyed and interviewed for the study. In a general study of aged care facilities an overall intensity measure would be calculated from all respondents in each facility. This analysis provides an index by which the facility can benchmark itself with other providers of aged care. If collected annually the data can be used to assess progress in achieving innovative performance and if measured in different parts of the organisation provide a basis for staff development. Consideration of Fig. 3 shows a strong correlation between all respondents in: high rate of service introductions; emphasis on continuous improvement; and between Board and CEO seeking unusual solutions; and a philosophy to emphasise proven services.



After Kuratko et al 2006

Figure 3 EI Characteristics for the Organisation



After Kuratko et al 2006

Figure 4 EI Characteristics for Top-Level Managers

In terms of top level decision making (Fig. 4) the Board and CEO are in strong agreement in regards to: search for big opportunities; and growth being a predominant role; a medium agreement in bold decisions despite uncertainties but with a strong disagreement on bold decisions from the DON. All agree steady growth and stability are primary concerns.

Content analysis (Fig. 5) of the semi-structured interviews reveals a number of entrepreneurial environment factors that are associated with the strategy and performance in the delivery of resident focused services within the aged care facility. Of particular note, along with the intensity factors of Figs. 3 & 4, is the strong commitment to a change culture, an opportunity focus (Board/CEO) and all

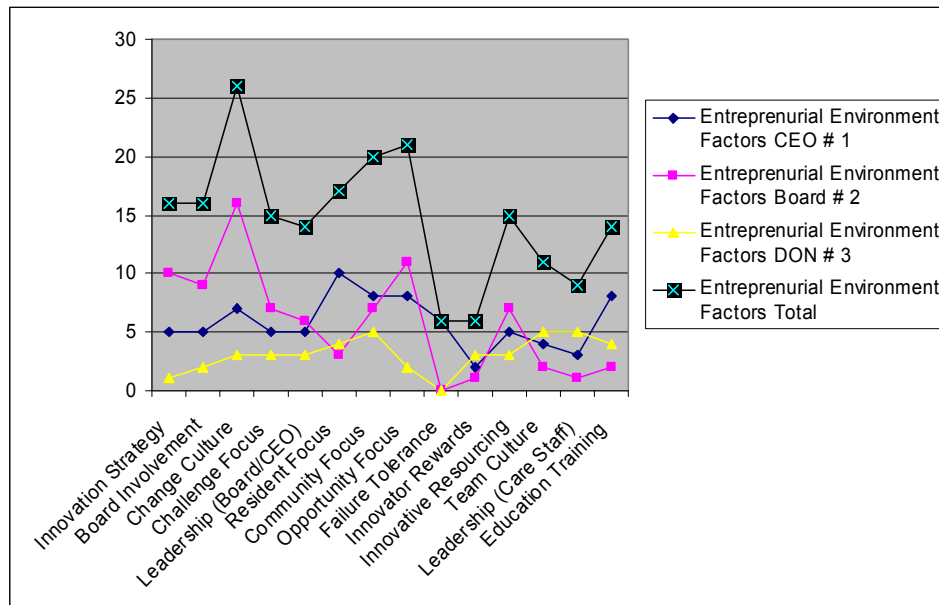


Figure 5 Environmental Factors as a function of Board/CEO/DON Interviews by Content Analysis

three with a strong resident and community focus. Of particular note is an absence of comments on failure tolerance and low levels of comments on innovative rewards, team culture and leadership amongst care staff. All indicated significant support on the availability of innovative resources and relevant training.

Data from the CAEI provides an insight into how the respondents perceive their workplace and organization and how the aged care facility has developed to achieve the current level of entrepreneurial intensity. Importantly “the CAEI is used to assess, evaluate and manage the organisation’s internal work environment in ways that support entrepreneurial behaviour and the use of a corporate entrepreneurial strategy” (Ireland et al, 2006b). As discussed above the internal environment that supports corporate social entrepreneurship is characterized by the organization structure, controls, human resource management systems and culture. The CAEI (Ireland et al, 2006b) is constructed around scales to measure: management support for corporate entrepreneurship; work discretion; rewards / reinforcement; time availability; organization boundaries; and specific climate variables. Figure 6 shows the CAEI profile for the aged care organization in terms of the first five measures and as a function of the perceptions of each leader/manager. The profiles for the CEO and DON are very similar except for the measure of time availability where the DON perceives minimum time availability for individuals and groups to create and pursue innovation at the frontline service needs.

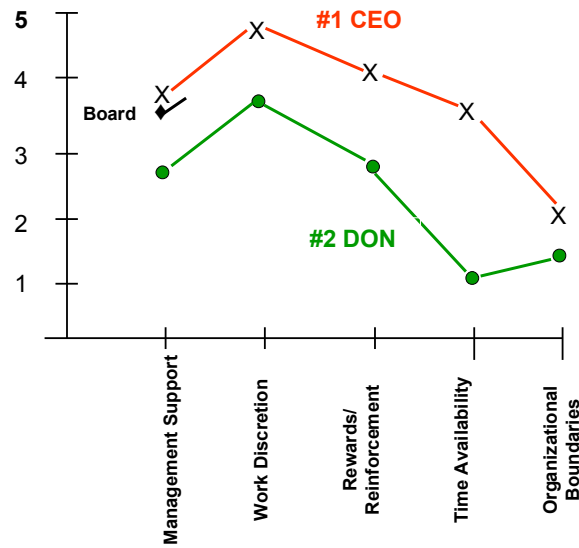


Figure 6 CAEI Profile for Aged Care Organisation

Interestingly the board reviewer agreed with the CEO on the value of the measures associated with perceptions of management support for innovation but had difficulty rating the questions for the other four measures. This will be addressed in modifying the questions to meet the needs of board members.

Using the specific climate variables (Figure 7) chosen by the CEO as either strongly agreed with, or strongly disagreed with; a comparison is made of the same variables as rated by the Board and DON. Significantly the Board member and DON closely align with the CEO perspectives of the organization as: rewarding employees who innovate; developing creative potential in employees; and a culture of rewarding the tried and the true. However the DON disagrees with the CEO and Board member that: employees have a lot to say on how things are done; that innovation is celebrated; innovation and risk-taking are core values; and a free exchange on improving the organization operations.

In terms of CEO perceptions of strongly disagreeing with particular variables (Fig 7) the DON takes a strongly agree/agree perspective on: having too many levels of management; limits to ability to experiment; and subscribes to the motto “if it ain’t broke, don’t fix it”.

### Specific Climate Variables

As selected by CEO	Strongly Agree			Strongly Disagree		
	CEO	DON	Board	CEO	DON	Board
This organisation definitely rewards employees who take calculated risks and innovate.	5	4	4			
This organisation tries hard to develop the creative potential of employees.	5	5	3			
In this organisation, employees have a lot of say in how things are done.	5		4		2	
Ours is a culture that rewards the tried and the true.	5	4	4			
This is an organization that celebrates innovative achievements	5		4		2	
Innovation and risk-taking are core values in this organisation	5		4		2	
The organisation's environment encourages people to talk openly with others about ways to improve the firm's operations	5		5		1	
We have too many levels of management in this organisation.		4		1		1
A rigid chain of command limits our ability to experiment with new ideas		4		1		1
Once budgets are finalized and accepted, they are difficult to revise				1	3	2
We have a culture that strongly discourages failure.			5	1	3	
This organisation subscribes to the motto "if it ain't broke, don't fix it".		5		1		2

Figure 7 Specific Climate Variables for CAEI Profile of Aged Care Facility

### DISCUSSION

Application of the EI measures demonstrated conclusively that the instrument does discriminate effectively the different perspectives amongst the leaders/managers within this pilot study of an innovative aged care facility. In particular the results of Figures 3 & 4 show a general alignment between Board member and CEO but not with DON. Within an organization such a result is not surprising, but the fact that these differences can be measured distinctly and reliably suggests the EI instrument is a robust measure.

Indeed the findings of the specific climate variables (Fig 7) confirm the power of the CAEI and EI to discriminate between various perspectives even though the respondees appear to report differing weightings eg. in item 3 (Fig. 3) with risk taking as shown in Fig.7.

The content analysis of the structured interviews (Fig 5) confirms that each of the participants reflects differing perspectives but all identified and understood the basic elements characterizing an innovative organization. Indeed the 14 factors identified as major nodes in the content analysis will be used as the elements to build appropriate training programs to reinforce innovative behaviour.

Reference to Fig 7 shows all participants both identify innovative behaviour and rank the entrepreneurial climate as high for management support, work discretion and reward reinforcement but see both time availability and organization boundaries as relatively low. These results agree well with both the specific climate variables (Fig 7) and structured interview data (Fig 5) and overall point to the value of the CAEI as an indicator of where training is necessary to bring the entrepreneurial climate to a satisfactory level. For this organization training programs will be useful for staff associated with issues around time availability to practice innovation and in areas of organization culture and structure.

### CONCLUSIONS

Preliminary analysis indicates that the health audit as developed by Ireland et al 2006 is a relevant instrument to assess the propensity for corporate social entrepreneurship within aged care organisations. For comparison to the Ireland et al 2006 study, it will be necessary to expand the data base in order to produce an industry norm. It is likely that organisation performance is enhanced when a facility's entrepreneurial intensity exceeds the industry average.



The importance to the aged care facility completing the entrepreneurial health audit is in providing feedback that will allow the board, management, and care staff to understand the relevance of entrepreneurial intensity to the provision of resident valued services.

In addition the assessment of the entrepreneurial climate enables the organisation to assess, evaluate and manage the internal work environment in ways that support entrepreneurial behaviour and the use of a corporate social entrepreneurship strategy.

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