“Governance and Stewardship in the Aged Care Industry: Evaluating a model for Corporate Social Entrepreneurship

The relationship of Board culture To entrepreneurial behaviour”

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ABSTRACT

Not-for-profit ventures, including community and church sponsored, seeking to exploit socially responsible opportunities in the provision of Aged Care, find themselves dependent on government grants and a major set of regulations to be complied with. Academic and empirical research has generally focused on issues of quality and compliance in meeting the physical needs of Aged Care residents rather than assessing entrepreneurial opportunities in the provision of innovative approaches to the stewardship of Aged Care facilities and with a focus on resident values.

To explore the research question the choice was made to use a qualitative study that focuses on understanding the naturalistic setting, or everyday life in a residential aged care organisation. Given the wide variability in the performance of aged care facilities in Australia, a purposefully selected sample of six innovative aged care facilities (best exemplar cases) was the subject of this research.

Significantly each case readily accepted participating in a “Health Audit” as a tool to assess the degree to which its employees, leadership and Board engage in entrepreneurial behaviour as exercised through innovative, risk-taking, autonomous and proactive actions. This audit comprised two instruments to measure both entrepreneurial conditions and innovation intensity in each case. The findings confirm the power of the Social Entrepreneurship Conditions Instrument (SECI) and Social Entrepreneurship Innovation Intensity (SEII) to discriminate between various perspectives on innovation from differing management positions in the organisation, such as Board Chair, CEO or Director of Nursing (DON).

A major conclusion is the primary presence of trust/respect within the internal environment and management team of the residential aged care organisation and its association with the espoused values of the organisation and the perceived delivery of services. Some understanding of the dynamics of this multi dimension environment and the elements for a strategic model of sustainable innovation is considered in terms of complexity theory (or emergence of order).

It is also shown that the observed characteristics of the management team are in accord with the principles of stewardship theory where organizational managers and directors’ demonstrably act as responsible stewards of the assets available to deliver the mission of the organisation and the managers seek other ends besides financial ones. Indeed this interplay between trust and governance is a strong component of Residential Aged Care organisation (RACO) culture and confirms the finding.

This sense of social mission is indeed the motivation for action in each of the RACOs researched for this study. Examination of the five dimensions of Entrepreneurial Orientation (EO), innovativeness; proactiveness; risk taking; competitive aggressiveness; and autonomy reveals the relevance of the concept in understanding the outcomes of the RACOs in meeting resident valued needs with the addition of a further dimension of ‘governance’.
Within the demonstrated culture, 92% of residents agreed ‘staff members are caring and helpful’, with 98% of residents expressing a positive endorsement to the consolidated question ‘do you personally feel this is your home?’ comprising responses to the sub elements of: overall satisfaction, comfort, welcome, privacy and dignity, personal belongings, culture/spiritual, independence.

Overall the research instruments applied in this thesis do provide feedback on education and training needs to enhance entrepreneurial decision making; provide information on conditions, characteristics and motivations to manage internal culture; and guide the development of an entrepreneurial culture to deliver sustainable resident valued services.
DECLARATION

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Lois Marjorie Hazelton and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

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Lois Marjorie Hazelton

May 2012
I wish to dedicate this work to:

My parents
Frederick (dec) and Marjorie Hazelton

The two who reared me for life
Taking the journey of ageing and illness with them
Our relationship became
That of
Friend, carer and confidante

My teacher and mentor
Professor Ann M Woodruff

The one who reared me in my professional life
And trusted me
To take the same challenging journey with her
And, left us June 20, 2012

To all I have met in my nursing career.

Thank you

I have learnt to respect you all as individuals
To never forget in time of need and vulnerability
You are all worthy
And
The focus of care!

In memory
Of
Ernie Clements
A special friend to our family
Kind, generous and good

May 22, 2012
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And help bring it to a conclusion

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For the care of older people in this country.

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   Olive Clements
Thank you for your wonderful support

   And, thank you to those who have been in the background
   Always encouraging!

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Dr Susan Brown
Friend, colleague and supervisor
We share a joint commitment to care of the elderly.

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The 6th National Conference of Emerging Researchers in Ageing
November 20, 2007
Adelaide. S.A.

Australian Graduate School of Entrepreneurship
International Research Exchange
Best Qualitative Research Paper
Sponsored by NVivo
February 4 2008, Adelaide. S.A.

Entrepreneurship Commercialization Innovation Centre
University of Adelaide
Student Choice
Poster Prize 2011

Words of Wisdom

But, my child let me give you some further advice:
Be careful, for writing of books is endless, and much study wears you out!
Ecclesiastes 12:12

Thank you all
Life now awaits!
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<td>ACAA</td>
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<td>VC</td>
<td>Venture Capitalist</td>
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The story of a nursing career

Entry into nursing has brought with it many experiences and challenges in understanding and finding one’s place in the system, the position of the patient in that same system along with the need to preserve the integrity of the patient (person). Recalling different care situations and individuals (who will always remain in my memory) whose circumstances were quite personally testing the appreciation that nursing was more than a series of tasks and activities was beginning. As an aside, orientation to tasks may be the place where ‘others’ might see and want to keep nursing, but it is not the place I and many of my colleagues see the profession. My concern now is that the use of protocols is the current means of keeping nursing and nurses in that place. Recognition of the educated nurse to demonstrate discretion and judgement continues to be eroded.

There are three key nurses whose work has generated a spirit of inquiry into understanding and practicing for the holistic dynamic of patient care.

Whilst Florence Nightingale is referred to as ‘the lady of the lamp’ in my mind there are other reasons for her continued relevance to the world of ‘patient care’ rather than being seen as a historical figure alone. A visit to view her personal ‘library of books’ at Johns Hopkins University Library in Baltimore MD revealed a woman of intellect whose interests and understandings of the world were quite fascinating. Her writings and attributed quotes are thought provoking giving significant meaning with few words. The statement:

It may seem a strange principle to enunciate as the very first requirement in a hospital that it should do the sick no harm.


And translating it into the broader arena of ‘bedside care’ however defined’ is a very effective guiding principle for practice. Expansion of the principle ‘do no harm’ was the basis for deep
appreciation of the ethical principles of beneficence, non-malfeasance, autonomy and distributive justice. The Florence Nightingale Museum in London describes Florence as ‘a woman of power and influence’. Wearing the red apron (a souvenir of the museum) with these words was always a great way to capture the attention of students when introducing what can be laborious – the topic of nursing history!

Continued study brought appreciation of the many nurse theorists with the exploration of what is unique about nursing with varied understandings of ‘person’ and each person’s or community’s ability to respond to a health/illness issue(s). Virginia Henderson’s work was my first introduction in the study of nursing theory and will always be a beacon for the focus on health, nursing care and the process of restoration to achieve health (however defined). Even at that early part of my career I was recognising the potential for opportunity within her definition:

The unique function of the nurse is to assist the individual, sick or well, in the performance of those activities contributing to health or its recovery (or to a peaceful death) that (s)he would perform unaided if (s)he had the necessary strength, will or knowledge. And, to do this in such a way as to help him/her gain independence as rapidly as possible.

Retrieved April 30 from http://www.nurses.info/nursing_theory_person_henderson_virginia_.htm

Nursing care is definitely not about ‘taking over’ and keeping the person in a sick role. Her very simple explanation that nursing care is about head (science), heart (art) and hands (delivery) and that all three aspects need to work together to achieve a positive patient/resident outcome is very powerful.

The keynote address by Professor Margareta Styles at the 1991 annual conference for the College of Nursing, Australia was thought provoking and provided options for the development of the forthcoming degree qualification for nursing in Australia. Titled Controlling Nurses Destiny she presented a synopsis of her perspective and understanding of the profession of nursing and its place in the broader context of health care.

Her address highlighted the absolute privilege and responsibility the nurse has at ‘the juxtapose’ or point of care where the vulnerability of the person and the intimacy of the
interaction is to be recognised and respected and that it is truly the time for expression of the art and science of nursing care!

The intended message in her address was for nurses to think of the world of patient care (person centered care) as something that exists beyond the bedside. Professor Styles was advocating for greater involvement in the broader health care arena through the disciplines of philosophy, policy and politics as legitimate areas of study and activity for the profession.

These three nurses have been entrepreneurial in their work and have laid the ground work for colleagues ‘to recognise and seek opportunity’ also. Their attitude, understanding and behaviour of nursing practice are clearly demonstrated through their work as researchers, leaders and practitioners in the profession of nursing.

Professional and community participation was a natural progression of my career and the understanding of these added dimensions of the three P’s (philosophy, policy, politics) advocated by Professor Styles was achieved through memberships of different committees.

The experience brought the understanding of the diversity of opinion, the need to strategize for successful interaction with the varied agendas of different stakeholders – or simply to play the political game. And, the simple lesson is to never forget the purpose of the committee.

Ten years as a board member of a small hospital and with other committee members taking a facility from the status of recommendation for closure to being a thriving and active community resource was an enriching experience. There I worked with a group of people (ably supported by the CEO, senior management team and ultimately the staff at the bedside) which came together in a cohesive way to achieve the purpose of the organisation.

Opportunities for improvement and difference were sort and innovation became a measurable activity. Now I recognise the development and achievements of that health care facility demonstrated an entrepreneurial capacity.

Running parallel to my work has been the care of my parents. My father was diagnosed with Alzheimer’s and he was home for ten years before entering a care facility for the last seven years of his life. Essentially we began with the specialist giving the diagnosis and nothing else. Education and support services were inadequate for dealing with those ‘on the ground’ issues. Somehow we all survived those home years yet the quality of that survival was very much in question.
Entry into care brought further challenges of a different nature to the home years. Admission to a care facility presented a broader context within which we as family had to negotiate: structure; routine; continuity; policy; behaviours; and different education, knowledge and practice abilities of staff.

I was frequently reminded of Nightingale’s words that ‘no harm’ should come to a person in care and my appreciation that the understanding of safety for residents is not just the physical domain deepened. As recognised by many writers (including Henderson) the social, spiritual, intellectual, psychological, and cultural domains are just as vital in keeping a person safe. It was a period of time that is unforgettable - the experiences of twenty four hour care was a challenge that at different points was overwhelming. At the time I was teaching and I had many stories to share of both good and bad experiences with students that were used to challenge their understanding and practice of nursing.

My mother is 94, alive and well and despite a number of physical challenges she is home! There are still challenges and stresses yet as a family we are in control!

Approached to take a position as Director of Care (DOC) for a small aged care facility I saw this as an opportunity to lead an organisation with values I believed were under developed in the facility where my father resided for the last seven years of his life. Essentially I wanted residents to know respect by the staff and I wanted each one (and their family) to have confidence that the facility was in fact their home and also of their fellow residents. The aim was that whoever entered, for whatever reason was to be able to sense the essential atmosphere and ambience of ‘home’.

To be a DOC was a challenge. After a number of years in academe I was leading, managing and practicing again. The challenge was to respond to the needs of residents, families, staff, and my employer (the approved provider) and at the same time keep to the essential value of a service that was resident focused. I sometimes wondered how past students would judge me from those days of teaching to the new days of practice – did I in fact ‘walk my talk’!

Human beings are vulnerable. The beginning of life and the end of life highlight that vulnerability. A newborn is absolutely dependent on parents for all aspects of their being to grow and develop, to be a successful participant in life. Adults who have become weary with
age or disease are challenged with the consequent vulnerability and those of us who care are challenged to ensure protection and where possible continued growth and development.

Age is not a bad thing; age is a demonstration of a life lived, a contribution made at many levels to a life process that sustains a healthy reactive and proactive society. Older people show us that life is not over until it is over and then the legacy left is both a memory and a challenge to carry on with passion and commitment (ourselves). Hazelton (2006)

Scott (1997) in considering the personal responses as a source of insight into the research process observed

Social researchers have tended to write themselves out of the text. Reflecting upon the self was seen to contaminate the ‘objectivity’ of the research and the research process and hence the subject experience was omitted. Brunner (1993) challenged the false dichotomy and argued for the inclusion of the self in ethnography.

Hence, although guarding against narcissistic preoccupation with the self the inclusion of my experience will provide a deeper understanding of this social research process used in the thesis.

Undertaking a Doctor of Philosophy (PhD) has provided the opportunity to bring together many experiences, insights and to develop further maturity in my understanding of nursing and the broader world of health care. Developing my professional knowledge in the framework of the discipline entrepreneurship has resulted in a new understanding of this word. My opinion was that entrepreneurs were those who used the umbrella of business to essentially become money or market manipulators. Instead, I now see it as behaviour – and that opportunity seeking, recognition and ‘making it happen’ is available to anyone for the successful participation in life, career and community.
Chapter 1

Introduction

Logical thinking cannot yield us any knowledge of the empirical world.
All knowledge of reality starts from experience and ends in it.
Propositions arrived at by purely logical means are completely empty of reality.

Albert Einstein

General Background

Aged care is considered an industry of importance in the health and social portfolios of government, welfare organisations, health professional groups, consumer special interest groups and the aged individual and his/her family.

The industry has grown in line with the achievement of increased longevity in the population and has become the arena for managing the multiplicity of needs for the aging population. The execution of associated policy development and implementation, funding activities and service delivery models attracts significant scrutiny and commentary by media.

Not-for-profit ventures, including community and church sponsored, seeking to exploit socially responsible opportunities in the provision of aged care, find themselves dependent on government grants and a major set of regulations to be complied with. Indeed the question of sustainability in what is a growth market is a major issue facing the community (Austin, Stevenson, and Wei-Skillern, 2006).

Academic and empirical research has generally focused on issues of quality and compliance in meeting the physical needs of aged care residents (Nay, 2005) complemented by a myriad of clinically based research in ageing and disease. There is research that looks at entrepreneurship in health and aged care, yet it does not focus primarily on assessing entrepreneurial opportunities for the provision of innovative approaches to the stewardship of aged care or with a focus on resident values as a priority of board activity.

The provision of aged care services as a social problem can be called a ‘wicked problem’ (Timmons, Gillin, Burshtein and Spinelli, 2010). In the early 1970’s the notion of wicked problems emerged from the complexity of resolving issues related to urban and governmental planning. In addressing this social need wicked problems were contrasted with tame
problems. In other words the linear and traditional approaches to solving tame problems were being used on social issues with little success (Ritter and Webber 1973). In this study both the nonlinear (complexity theory) and stewardship theory are considered. Timmons et.al (2010 p 241) posits care of the aged is an excellent example.

Innovation does not surface in an organizational vacuum (Ireland, Kuratko, and Morris, 2006). Indeed 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 (Bartlett & Ghoshal, 1994), (O’Reilly 111 & Tushman, 2004). Ireland et al (2006) 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).

The relationship between the Board and management practice in the development of aged care facilities is poorly reported and few have done so from a stewardship or complexity perspective. Rather than apply agency theory to examining the relationship between the board and managers, this thesis examines the relationship between the board, management practice and resident outcomes through a manifestation of stewardship theory—resident focus philosophy. Such representation of stewardship theory postulates that the most effective form of development for innovation orientated aged care facilities seeking to be entrepreneurial is based upon a resident focus philosophy, where the board seeks to promote governance understanding, mutual respect and responsibility within the whole managed facility. Specifically the research question posed is:

*Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Facility to govern for sustainable resident valued services?*

Using measures of entrepreneurship activity, selected aged care facilities are assessed to what degree the board and management pursue social opportunities over or in conjunction with economic and regulation goals to meet agreed resident outcomes. The research will show that boards and executives using the principles to establish an entrepreneurial climate and a commitment to practice innovation can achieve a successful mix of social goals and economic performance.
1.2 Thesis outline

The Australian residential aged care system is considered outdated in regard to regulatory practice and pricing arrangements which threaten the viability of the aged care sector. Importantly, the common theme is the provision of quality residential and community services for the aged. Such services are costly and result in a high financial burden on the tax-paying members of the society. In considering the background and context of aged care in Australia, Chapter 2 sets out a number of contextual frameworks to better position the research focus. Primarily, this research is not focused on nursing as a function; rather it is focused on the strategic management and outcomes led by the chair of the board and management team. It will be noted in this study that the director of nursing, resident services manager, and accommodation manager are positions within the management team.

Uncertainty in developing sustainable aged care presents opportunities for innovation and entrepreneurial stewardship in aged care facilities and the industry as a whole. Chapter 3 reviews the literature concerning entrepreneurship and innovation within a social construct that focuses on the pursuit of opportunities for enhancing the social good and which can lead to a sustainable social entrepreneurship culture within Residential Aged Care Organisations (RACO). The review serves two purposes: an opportunity to identify the dimensions and theory relating to academic research into not-for-profit structures and social entrepreneurship; and to provide a basis for developing constructs for detailed analysis of the role of effective governance and stewardship in establishing an entrepreneurial culture in RACOs.

A major outcome of this review is the examination of a number of theories that impact the understanding of governance and practice in a RACO. Three theories judged as highly relevant and associated with the development of entrepreneurial and innovative governance and performance culture are: behaviour orientation, stewardship theory, and complexity theory.

Significantly, the literature identifies behaviours rather than attributes which give meaning to the entrepreneurial process. Both the actions of the entrepreneur and the organisation are clearly relevant and it appears that boards and executives using the principles of behaviour to establish an entrepreneurial culture and a commitment to practice innovation intensity can achieve a successful mix of social goals and economic performance. Such actions and
motivations are shown to have an important association with the dimensions of Entrepreneurial Orientation (EO).

Chapter 4 explains in detail the methodological issues considered and a research approach that recognizes “the heart of the entrepreneurship process is in the descriptive background” (Bygrave, 1989). This thesis adopts Critical Realism (CR), “one of the more widely cited social theoretic paradigms” (Blundell 2007 p.49), as a credible paradigm for analysing the relationship between an aged care organisation’s board of directors and management staff and the opportunity to deliver valued care and service to residents. CR asserts that the social world consists of real objects that exist independently of our knowledge and concepts, and structures, mechanisms and powers are often far from transparent. The challenge of CR is that structures and mechanisms belonging to the real domain cannot be identified through inductive or deductive analysis (Blundell 2007). Instead, CR relies on ‘retroduction’ to discern structures and mechanisms that explain the observed relationships.

Bygrave (1989a) explains business and entrepreneurship research are particularly prone to a bias toward mathematical and numerical quantification to unlock the intricacies evident in a human endeavour in such disciplines. This is despite their trustworthiness in other disciplines and the value of a case study methodology to unlock reality and understanding.

The research design follows Yin (2003) who emphasises the importance of the relationship between the research question, data collection, data analysis, and the conclusions reached. The initial research design is based on the question seeking to understand the dynamics created by a board of a RACO to deliver sustainable resident valued services.

Data collection for each case comprised the use of validated survey instruments, semi-structured interviews with chair, chief executive officer and director of nursing (or so titled) of each aged care organisation using a standard interview protocol, resident satisfaction surveys and supplemented by organisation publications and publicly available analysis about the aged care facility.

Measurements and findings reported in Chapter 5 are based on data collected from a purposeful selection of one pilot study and 5 (five) Residential Aged Care Organisations (RACO). Each selected RACO was characterised by: a professional board as the approved provider; board understanding of innovation and social entrepreneurship; well-structured
relations between the board, CEO, and nursing staff; the occurrence of specific innovation initiatives at all levels in the organisation and; a commitment to assess resident satisfaction. These behaviour characteristics serve to define the types of opportunities that are acceptable with regard to a RACO’s social mission, the activities through which to exploit relevant opportunities, and the dimensions of EO.

Findings from the cross management surveys and semi-structured interviews demonstrate each of the cases exhibit strong innovativeness, proactiveness, governance and autonomy. To some extent, risk taking behaviours but not competitive aggressiveness is evident. Consideration of these measures in terms of the Board, CEO, and DON, show the Boards exhibit strong strategic leadership to create an internal environment for sustainable innovation. Importantly, autonomy and governance within an RACO’s profile provides a level of independence such that individuals and teams have the ability to make decisions to explore opportunities. The importance to a RACO of completing an innovation health audit appears to be in providing feedback that allows the board, management, and care staff to understand the relevance of innovation.

Chapter 6 discusses the research findings and notes a significant caveat in interpreting the data from the ‘Entrepreneurial Climate and Innovation Intensity’ surveys is that they measure the “perception” as expressed by the respondents (Kuratko, 2009, private communication). In effect that “perception” is what actually exists in the eyes of the respondents and thus drives or inhibits the implementation of entrepreneurial actions. This is the most important measurement. Discussion based on ‘perception’ reveals the relationships within a RACO comprising cultural conditions, characteristics and motivations underpin effective entrepreneurship and innovation in delivering sustainable resident valued services. The role and performance of the leadership team is shown to be closely aligned with both personal and organisation values of which ‘trust’ and ‘integrity’ are most significant. The contribution to governance to setting culture is also discussed. Resident satisfaction in this study is the perception of the resident to identify with the concept “this is my home” and comprising sub elements of: overall satisfaction; comfort; privacy and dignity; personal belongings; culture/spiritual values; and independence. Amazingly residents indicated a 98% acceptance with the value - “this is my home”.

The application of complexity theory to understanding the role of leadership in managing the complex entrepreneurial dimensions is discussed. An initial and simplified understanding is
presented. The discussion suggests real value in applying this theory and a more extensive study is identified for future research. Consideration of the dimensions of stewardship theory demonstrate the importance of this concept to meeting the objectives of sustainable resident valued services and the type of leadership and staff needed to achieve this outcome.

Chapter 7 presents a summary of the findings discussed above, including new contributions of an increased significance of ‘autonomy’ and the addition of ‘governance’ to the application of EO in an aged care facility. Future research opportunities concerning: extending research sample of RACOs; franchising aged care delivery; applying complexity modeling; and practice contributions through application of the entrepreneurial/innovation health audit.

1.3 Publications & Presentations

Opportunities were taken to present this research at various nursing and aged care industry conferences. Details of papers are below:

**Refereed Conference Proceedings**


Hazelton, L. and Gillin, L.M, (2011), From compliance culture in elder care to resident focus innovation as social entrepreneurship – A global perspective, *Academy of Marketing Science Congress*, pp. Rheims, France

**Refereed Presentations /Posters**


Hazelton, L. and Gillin, L.M, (2009), From compliance culture in elder care to resident focus innovation as social entrepreneurship, *First Asia Pacific Symposium on Entrepreneurship & Innovation,* Innovation & Entrepreneurship Research Group, University of Sydney, Australia

Hazelton, L. and Gillin, L.M, (2009), The CEO-Board relationship in facilitating innovative care delivery: case study, *Aged Care Association Australia (ACAA), November,* Melbourne Australia

Hazelton, L. and Gillin, L.M, (2010), Ageing in an aged care facility – Problem or opportunity or both, *Aged Care Association Annual Conference.* Adelaide November

Chapter 2

CONTEXT OF AGED CARE

Wellbeing and its relevance with not-for-profits boards and aged care governance

“It is one of the great ironies of our age that we created organisations to constrain our problematic human natures, and now the only thing that can save these organisations is a full appreciation of the expansive capacities of us humans”

Margaret J. Wheatley

2.1 Introduction

This chapter introduces the context of aged care together with wellbeing as a construct for understanding social entrepreneurship. Section 3.2.2 discusses extant entrepreneurship process models before focusing on social entrepreneurship in 3.3.3. Understanding the role of governance in a social context follows in 3.3 with a detailed review of selected theoretical constructs. Section 3.4 introduces concepts of innovation processes relevant to aged care.

Care of the aged has become a topic for sustained discussion as all societies consider ways to cope with world-wide, rapidly increasing interest in socio-economic demography. This is particularly so for the dramatically changing aged structure of both Western and Eastern/Asian cultures. Individuals as they age have always been concerned about the ‘who, what, where, why and how’ of their future – their wellbeing. Families and significant others have become increasingly concerned with the quality of aged care services at all levels: decision making; access to quality services and bedside care are three such areas of concern. Aged care is a major industry that consists of many components to make a functioning whole.

2.2 The Aging Population

Australia’s population, like that in many countries is ageing. Significantly the average age of Australians is increasing. The Australian Government (2010) tells us that “over the next 40 years, the number of Australians aged 85 and over — the major users of aged care services — is projected to more than quadruple, from around 0.4 million in 2010 to 1.8 million by 2050”. On the dimension of demand, the Department of Health and Aging tells us (2010)
the number of Australians receiving aged care is projected to increase by around 150% over the next 40 years. This equates to over 2.5 million older people (those aged 65 or older) or almost 8% of the population using aged care services by 2050.

The Productivity Commission (2011) identifies there are close to two million Australians over the age of seventy and the number is set to double in the next twenty years. Government expenditure on aged care is expected to increase from 0.8 to 1.8 per cent of GDP by 2050” (Australian Government 2010).

Throughout the world today there are more people aged 65 and older than the entire populations of Russia, Japan, France, Germany and Australia—combined (United Nations, 2009). By 2030, 55 countries are expected to see their 65 and older populations increase by at least 20 percent; by 2040, the global population is projected to number 1.3 billion older people—accounting for 14 percent of the total; and by 2050. Further the U.N. estimates that the proportion of the world's population age 65 and over will more than double, from 7.6% today to 16.2% (United Nations, 2009). This projected increase is shown in figure 2.1.

NOTE:
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Figure 2.1. Projected Acceleration of Population Ageing - United Nations 2009

In Europe, (European Community-Twelve) it was estimated that by 2011, 17% of the population is expected to be 65+ - (a growth from 9% in 1950); in the USA the demographic is estimated to be 13% (compared with 8% in 1950), and in Japan 19% (compared with 5% in 1950 (Nijkamp, Rossdorf and Wilderson, 1991). Data from the fifth national census for
China (2001) identifies the proportion of people over the age of 60 was 10% of the population and for those over 65 had reached 7%. (Wong, 2007) thus lifting China into the ranks of ‘ageing societies.’

The far-reaching impact of these demographics for the socio-economic lifestyle of the fifty million aging Baby Boomers are sparking demand for products and environments that accommodate their changing physical and sensory capabilities: notably regarding the social security system; pensions schemes; medical and social care; and in general the services planning for the aged (e.g. intramural versus extramural care) (Nijkamp, Rosdorff, and Wilderson, 1991, United Nations 2009).

The national reaction to the consequential increased demand for pensions, health, resident places and other services for the aged has meant that more resources must be found, and that governments have developed social care policies that reflect their own philosophy in relation to the type and extent of care required, and the responsibilities to be exercised by elderly individuals and their families. The Productivity Commission (2011) report the Australian residential aged care system is considered outdated in regard to regulatory practice and pricing arrangements which threaten the viability of the aged care sector. Also identified were the diminishing returns on private investment in the industry at a time of unprecedented demand and growth. The average return on investment for new, single-room facilities is now just 1.1% and falling. Almost half of the current facilities are over twenty years old. There is a need to overhaul the system to offer quality, equitable, efficient and sustainable care (Productivity Commission 2011). Importantly, the common theme is the provision of quality residential and community services for the elderly, but such services are costly and result in a high financial burden on the tax-paying members of the society.

All this uncertainty in developing sustainable aged care presents opportunities for entrepreneurship (opportunity recognition) and innovation within the industry. This thesis will explore the current practice for leadership, stewardship and management in aged care facilities and identify the role of the Board and its governance processes to establish innovation within a social entrepreneurship culture.
2.3 Wellbeing in the Context of Aged Care

‘Wellbeing’ as a concept has been highlighted as the central point around which government policy and community expectations can be planned for. The Australian Bureau of Statistics (ABS 2001, p3) suggests that wellbeing relates to ‘the desire for optimal health, for better living conditions and improved quality of life’. Wellbeing, or quality of life, is a multi-dimensional concept incorporating physical and emotional needs, connectedness to others, the ability to exert influence over one’s environment and safety from harm: The Productivity Commission identifies

The domains of wellbeing are ‘person-centric’, reflecting the view that at a community level wellbeing is a collective of individual wellbeing. At the broadest level, the social, material and natural environments surrounding individuals become part of the wellbeing equation” (Productivity Commission, 2011, p77).

To guide future policy change, the Productivity Commission (2011) proposes the system of aged care and support should aim to:

- promote the independence and wellness of older Australians and their continuing contribution to society
- ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change
- be consumer-directed, allowing older Australians to have choice and control over their lives and to die well
- treat older Australians receiving care and support with dignity and respect
- be easy to navigate, with older Australians knowing what care and support is available and how to access those services
- assist informal carers to perform their caring role
- be affordable for those requiring care and for society more generally
- provide incentives to ensure the efficient use of resources devoted to caring for older Australians and broadly equitable contributions between generations. (p71)

This conceptual framework is well illustrated in Figure 2.2 (Productivity Commission 2011, p77), comprising living standards and quality of life. However measuring wellbeing “is not easy because it involves making value judgements about what aspects of life are important to an individual’s wellbeing (knowing that people value outcomes differently) and what matters to society” (2011, p78).

“In the context of aged care policy, while the focus is on supporting the highest possible quality of life for older Australians unable to care for themselves, the
wellbeing of family members, friends and neighbours providing care to older people (they provide most of the care), and people providing formal care (owners of services, workers and volunteers) is also important”, (2011, p78).

Submissions to the Productivity Commission enquiry provide an important insight into the perspective of the aged care provider. For example:

quality of life should be a fundamental goal of the aged care system. At present, however, the aged care system is more heavily focused on technical constraints, such as risk management, economic imperatives, and rigid timetabling. (National Seniors Australia (NSA) sub.411, p.9);

have to take into account the needs of the whole person, physical, emotional, psychological, social and spiritual. (Anglicare Australia sub.461, p16); and

The ability to access aged care services, from home assistance through to residential care, is an essential service to protect older Australians when they become more vulnerable. (Australians. National Seniors Australia (NSA) sub.411, p.4).
The Commission has argued that the services should be person centred,” available and accessible when and where they are needed, tailored to the person’s own needs, changed as required, and not be limited as a result of inability to pay” (Productivity Commission, 2011 p78).

### 2.4 Governance and Management Team

As a consequence of the Government license to operate a RACO, the Board and its chairman are identified as the responsible ‘provider’ of the aged care services. It is primarily for this reason the following study seeks to examine the role of the chairman and CEO in delivering innovative and sustainable resident aged care. Importantly the associated discretionary forces and governance processes shaping RACO leadership are well illustrated by reference to the Kakabadse (2008, 25) ‘hour glass’ concept (figure, 2.3). Effective governance processes are not simply those that are mandated by government, but are directly associated with discretionary leadership thinking and action that focuses on how the individual faces up to the challenges of effective and holistic aged care.

The chairman and board determine the goals and strategy the RACO wish to pursue. They find ways around the hurdles that have to be overcome. They draw on the styles that excite others to act. The situation demands of the leader consider the qualities and attributes required. The individual adapts to the situation but also moulds it to their favour. Their strength lies in the quality of adaptation and broad discretion to determine their and other’s role according to their vision. In so doing they stamp their authority on the organisation and culture that provides structure and clarity for others to do their work. Research shows that the two roles with the greatest discretionary latitude requiring clearly delineated boundaries are those of the chairman and CEO.

The funnel can be as tight or broad as the organisation desires. The boundary delineating RACO processes captures the chairman and CEO’s vision for the future and their view of the purpose and mission of the organisation. In fulfilling the vision through strategic innovation the chairman and CEO agree and determine the number of leadership roles in the organisation. Within an organisation of innovation and resident valued services there will be a framework of clearly designated goals, processes and activities.
Those occupying discretionary leadership roles (see fig. 2.3);
practice rational/cognitive styles in how they think, decide and discern between alternatives, but, they also live out their emotions. Nothing is static; attitudes, behaviours and feelings change; people learn, people regress, people advance. Discretionary leadership is dynamic (Kakabadse, 2008: 26)

Whatever the vision for the RACO, it is of prime importance that those in leadership roles, staff in operation and process roles and those external to the organisation, believe it. An innovative culture is vital to the board (as the licensed provider), chairman, CEO, top management and operations staff and such values are seen to be, in harmony with the vision.

Of equal importance is the contribution of nursing practice to the overall care performance of the RACO. Understanding this significant contribution to overall performance is recognised through the Director of Nursing (DON) in the capacity as a member of the discretionary management team. Indeed many innovations attributed to the registered nursing staff were
identified. Primarily this research was not focused on nursing as a function but on the strategic management and outcomes led by the chair of the board and the management team as illustrated in figure 2.3.

2.5 Resident Values & Perspectives

Using the experience of a functioning aged care facility Graham (2008) observed the concept of Relationship Centred Care (RCC) takes the well-established concept of Person Centred Care one step further with the recognition that providing a holistic focus on resident valued services is multi-dimensional.

Tresolini (1994) believes

\[
\text{relationship-centred care is healthcare that values and attends to the relationships that form the context of care, including those among and between: practitioners and patients; patients as they care for themselves and one another; practitioners and the communities in which they practice; healthcare practitioners across various professions; and administrators and managers as they set the environment and resources for care} \]

However Suchman (2006 p 40) considers RCC more an ideology than a theory “It offers a set of values and methods; it is a philosophy of and an approach to care”. Importantly the emphasis on relationship appears to be interpreted in terms of ‘communication’ and “does not elucidate the nature of the relationship or explain how it works” (Suchman, 2006 p 40). It is argued that ongoing social interactions are comprised of patterns of relating (such as role structures, dominance hierarchies, and behavioural norms) and patterns of meaning (such as vocabulary, concepts, and knowledge of both a general and particular nature. To summarize, Suchman (2006) identifies that:

patterns of meaning and relating can self-organize in the back-and-forth exchange of ongoing interaction. This is a nonlinear, unpredictable process in which patterns tend to replicate themselves but small differences can sometimes escalate rapidly into entirely new patterns. The development of new patterns depends upon the diversity and the responsiveness in the interaction (p 41).

Suchman calls this perspective on ‘relational behaviour’ Complex Responsive Processes of Relating (CRPR). Table 2.1 compares CRPR with the traditional perspectives on relational process.
Traditional | CRPR
---|---
Intentionality | Self-organisation, spontaneous emergence
Linear causality: can be predicted and controlled | Nonlinear process, unpredictable
Information (pattern) transfer | Pattern construction in-the-moment
Correlation between static qualities | Observations of the emergence of novelty and continuity in patterns

Table 2.1 A Comparison of traditional and Complex Responsive Processes of Relating Perspectives on Relational Behaviour (After Suchman, 2006: 43)

Although the traditional conceptualisation can account for communication and relationship behaviour within the aged care facility, “it does not account for the ‘the capacity of individuals working in partnership to produce results that are greater than the sum of their individual efforts, the value of collaborative process, and the importance of self-awareness and personal authenticity (Suchman, p 44)”.

Such linear behaviour does not account for the incidence of radical innovation and entrepreneurship in certain high performing aged care facilities which form part of this study. Empirical evidence linking these outcomes to organisational culture and relationships is well supported (Safran, Miller and Beckman, 2006).

It is also noted, that having identified “administrators and managers as they set the environment and resources for care (Tresolini, 1994)” impacts relationship-centred care value and the context of care, little is discussed in the literature even though under The Aged Care Act (1997) the Board is held responsible as the ‘Provider’ of healthcare standards and performance. It will be argued in this study that the board has a critical role in establishing the culture and trust within each facility. The importance of this dimension will be discussed in Chapter 3- Literature review under the sub title: Entrepreneurship and its relevance for not-for-profits boards and social enterprise governance.

Also the finding that ‘communication’ is a major principle in achieving RCC is not surprising but the absence from the discussion of ‘trust’ as a major principle in either RCC or CRPR is surprising. This factor will be discussed in Chapters 3 and 6 and shown to be a major driver of a culture that delivers both staff and resident satisfied services with high levels of sustainable performance by the facility.
Chapter 3

LITERATURE REVIEW:

Entrepreneurship and its relevance for not-for-profits boards and social enterprise governance

“Everyone is an entrepreneur only when he actually ‘carries out new combinations,’ and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses.” (Schumpeter 2000 p.60)

3.1 Introduction

Firstly this review introduces the concept of commercial entrepreneurship and definition, 3.2.1, together with Entrepreneurial Orientation (EO) as a construct for understanding social entrepreneurship. Section 3.2.2 discusses extant entrepreneurship process models before focusing on social entrepreneurship in 3.3.3. Understanding the role of governance in a social context follows in 3.3 with a detailed review of selected theoretical constructs. Section 3.4 introduces concepts of innovation processes relevant to aged care.

As reviewed in Chapter 2, the Australian residential aged care system is considered outdated in regard to regulatory practice and pricing arrangements which threaten the viability of the aged care sector. Importantly, the common theme is the provision of quality residential and community services for the aged, but such services are costly and result in a high financial burden on the tax-paying members of the society.

All this uncertainty in developing sustainable aged care presents opportunities for innovation and entrepreneurial stewardship in aged care facilities and the industry as a whole. This chapter reviews the literature concerning entrepreneurship and innovation within a social construct that focuses on the pursuit of opportunities for enhancing the social good and which can lead to a sustainable social entrepreneurship culture within residential aged care organisations (RACO).

This literature review serves the following purposes:

1). an opportunity to identify the dimensions and theory relating to academic research into
not-for-profit structures and social entrepreneurship;
2) to provide a basis for developing constructs for detailed analysis of the role of effective
governance and stewardship in establishing an entrepreneurial culture in RACOs; and
3) to identify the process of innovation that enables social value creation in the Aged Care
industry.

In addition, the establishment of such understanding enables the author to provide a detailed
analysis as to how such relationships between RACO Boards and management team can lead
to an effective innovation strategy and a model for translating such processes to the delivery
of sustainable resident focused and valued care. Extension of such a holistic model for Aged
Care delivery is required to help in the formation of effective government policy, financing,
staff qualifications, facility standards, but with a focus on the need, values and integrity of the
growing numbers of aged citizens.

Entrepreneurship

3.2.1 Concept of entrepreneurship

Kuratko and Audretsch (2009) argue entrepreneurship is an observed phenomenon of
interest to researchers because of its role as a driver of economic growth, job creation and
competitiveness in global markets. It involves reallocating resources to a new use that
produces a preferred outcome. Thus entrepreneurship is a planned behaviour. It is the not
the product of unconscious and unintended antecedents, but rather is a “conscious and
intended act” that is “aimed at either creating a new venture or creating new values in
existing ventures”

This understanding of entrepreneurship has developed over 280 years from the early writings
of Cantillon (Schumpeter 1914 as cited by Hayek 1985; Higgs 1892; Jevons 1959), and he is
credited with being the first to describe the concept of entrepreneurship (Higgs 1959). This
observation led Say (2001) to expand Cantillon’s concept of entrepreneurship to include the
actions required to combine the different elements of production into a profitable enterprise
(de Montoya 2000).

Say (2001) assigns two key roles to the entrepreneur. Firstly, the entrepreneur arranges the
funding that is required for the new venture. Second, the entrepreneur administers the new
venture. As the entrepreneur typically contributes part of a venture’s required funding, Say
observes that the entrepreneur shares the risk of the venture. While Say does not refer to the entrepreneur’s role as an innovator, Schumpeter suggested that as the role of Say’s entrepreneur exists “only when the factors are combined for the first time” (Schumpeter 2000, p. 59) innovation is implied.

The use of such concepts explains the economic function of entrepreneurship or the nature of the individual in the role of the entrepreneur (Swedberg, 2000). Subsequent development emphasised entrepreneurial management: to foster innovation within corporations (e.g. Burgelman, 1983, 1984); start-ups and venture capital (Timmons & Bygrave, 1986); and predictors of entrepreneurial success (Cooper & Bruno, 1975; Dollinger, 1984).

Subsequent to these early conceptualizations of entrepreneurship, Stevenson and Jarillo (1990, p18) identified three main streams to describe and analyse entrepreneurship – “a focus on the results of entrepreneurship; the causes of entrepreneurship; and entrepreneurial management” (Stevenson 1983, Stevenson and Gumpert, 1985; Stevenson and Jarillo, 1986). In established organisations Stevenson notes: “Entrepreneurship is more than just starting new businesses - entrepreneurial management may be seen as a ‘mode of management’ different from traditional management” (Stevenson and Jarillo, 1990:25) (Brown, Davidsson and Wicklund, 2001).

Stevenson and Jarillo (1990, p23) defined entrepreneurship as “a process by which individuals-either on their own or inside organizations-pursue opportunities without regard to the resources they currently control” which gave impetus to a new focus on the search for the ‘how’ of entrepreneurship. This concept has the entrepreneurial organisation focusing on opportunity, not resources. The process of commitment becomes multistaged and the entrepreneurial organization uses the resources that lie within the hierarchical control of others and, therefore, must manage the network as well as the hierarchy.

This opportunity focused entrepreneurial concept aligns with classical definitions such as Kirzner’s (1973) “alertness to opportunity” and the contemporary definitions of entrepreneurship that center on the pursuit of opportunity (Brazael, 1999; Churchill and Muzyka, 1994; Shane and Venkataraman, 2000; Venkataraman, 1997). In fact, Shane and Venkataraman (2000) define the domain of entrepreneurship research in terms of opportunity recognition and exploitation.
Building on Sahlman’s (1996) analytical framework from the entrepreneurial management literature Stevenson et al. (1990) constructed a model for commercial entrepreneurship. The model incorporates a dynamic fit between four interrelated components: People - defined as those who actively participate in the venture or who bring resources to the venture; Context - defined as those elements outside the control of the entrepreneur that will influence success or failure; Deal - the substance of the bargain that defines who in a venture gives what, who gets what; and Opportunity - defined as “any activity requiring the investment of scarce resources in hopes of a future return” (Sahlman, 1996, p. 140). This model is titled PCDO, (see Figure 3.1).

Importantly the PCDO concept model reflects the dynamic relationship when change is motivated by the vision to exploit opportunity. Change can impact all four dimensions and even slight perturbations in just one dimension can produce large effects on entrepreneurial performance. A significant difficulty that will be discussed in Chapter 6 is that the definition of entrepreneurship may not be shared equally with the multiple constituencies within an organisation.
This Stevenson concept model theorises about entrepreneurial management and is a firm level measure. It is not a direct measure of entrepreneurship if that is defined in terms of resource recombinations (Schumpeter, 1934; Moran and Ghoshal, 1999) or entry into new markets or market segments (Lumpkin and Dess, 1996). Brown et al. (2001, p 954) comment “Despite its recognition and intuitive appeal, Stevenson’s PCDO opportunity-based view has hitherto not been subject to systematic empirical testing”. “Using a very large 1200+ sample of firms with different size, governance structure, and industry affiliation, Brown et al. (2001) identified six sub-dimensions with high discriminant validity and moderate to high reliability, which represents dimensions of Stevenson’s theoretical reasoning above and labeled these as: Strategic Orientation, Resource Orientation, Management Structure, Reward Philosophy, Growth Orientation and Entrepreneurial Culture (p953).

Results from the above study (Brown et al. 2001, p 963) show that “operationalization of entrepreneurial management only partly overlaps with the established alternative firm-level measure of entrepreneurship, Entrepreneurial Orientation (EO)”, suggesting that both research instruments may be necessary to get a complete understanding of entrepreneurial management within organisations. Entrepreneurial orientation is discussed in the next section.

- **Entrepreneurial Orientation as a Construct**

To build from the central idea underlying the entrepreneurial concept of new business creation or more generally ‘new entry’ to an understanding of the entrepreneurial process, Miller (1983, p786) described “an entrepreneurial firm as one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch”, yet, entrepreneurial behaviour within a non-profit context is not well understood. The logic of engaging in innovative, risk-taking, proactive behaviours while also attempting to serve a social mission (e.g. save souls, encourage blood donations, house the homeless) and satisfy multiple stakeholders, typically with severely limited resources, is not always clear cut (Morris et al., 2007).

Based on Khandwalla (1970), Miller (1983), Covin & Slevin, (1989, 1991) subsequently developed an instrument for empirically assessing the dimensions of risk taking, innovativeness and proactiveness that contribute to the entrepreneurial processes observed in a new entry firm. Two further dimensions, competitive aggressiveness and autonomy were
added to the scale by Lumpkin and Dess (1996, 1997). These five dimensions both characterise and distinguish key entrepreneurial processes which define a firm’s Entrepreneurial Orientation (EO). “They do not, however, represent entrepreneurship, which is defined here as new entry. That is, new entry describes what entrepreneurship consists of, and EO describes how new entry is undertaken” (Lumpkin & Dess, 1996:136), or involves “any entry that is undertaken for the first time by an enterprising individual, firm, or small business unit” (Lumpkin & Dess, Jul.1996: 607).

Although some fragmentation has occurred in the literature (Covin & Slevin, 2011, p856) concerning consensus “on matters such as the essential nature of the construct, its dimensionality, the nomological network within which EO exists, and the appropriate definition(s) of the concept”, the following definitions of the five dimensions of EO will be used throughout this study:

- **Innovativeness**: (Lumpkin, Brigham & Moss, 2010)
  Innovativeness refers to a firm’s efforts to discover new product and service opportunities, and make improvements to existing process and systems (Hage 1980). It consists of a willingness to introduce novelty and seek solutions through experimentation and creative problem solving (Lumpkin and Dess 1996). Innovativeness is viewed as essential to maintaining a company’s viability because it is a key source of the new ideas that lead to product introductions, service improvements, and managerial practices that advance and sustain a thriving company.

- **Proactiveness**: Whereas innovativeness refers to a company’s efforts to discover potential opportunities, proactiveness refers to a company’s efforts to recognize and seize them. Proactiveness involves tracking and monitoring changes in the business environment, consumer tastes and technologies (Lumpkin and Dess 2001). It also refers to acting on opportunities ahead of the competition and taking action in anticipation of emerging problems or future demand (Venkatraman 1989).

- **Risk Taking**: In an EO context, risk taking refers to a willingness to venture into the unknown
without certain knowledge of probable outcomes (Covin and Slevin 1991). This may involve investing in unproven technologies or entering untested markets; it also refers to financial risk, such as borrowing heavily or committing to types of financial liabilities needed to achieve organizational objectives (Baird and Thomas 1985).

- **Competitive Aggressiveness:**
  Competitive aggressiveness refers to a firm’s efforts to outperform its rivals and is often characterized by a combative posture or an aggressive response aimed at overcoming threats in a competitive marketplace (Miller and Camp 1985; D’Aveni 1994). It includes processes, such as devising and enacting strategies aimed at defending market position or combating industry trends that threaten survival (Smith, Ferrier, and Grimm 2001).

- **Autonomy:**
  Autonomy refers to the independence that is needed to explore opportunities, bring forth business concepts and carry them through to completion (Lumpkin, Cogliser, and Schneider, 2009). For companies with an EO, it is essential that individuals and teams have the ability to make decisions and take actions without being hindered by the organizational constraints or strategic norms that often impede progress. Prior research supports the view that autonomy encourages innovation, promotes the launching of entrepreneurial ventures, and increases the competitiveness and effectiveness of firms (Kanter 1983; Brock 2003).

Morris, Webb and Franklin, (2011) argue that, while all five dimensions are necessary to understand the entrepreneurship process, the combination will depend on the type of entrepreneurial opportunity pursued. Such combinations go beyond the ‘for-profit enterprise’ and includes different contexts such as: international contexts (McDougall and Oviatt, 2000), institutional settings (Maguire, Hardy, and Lawrence, 2004), political arenas (Schneider and Teske, 1992), and ‘nonprofit’ firms (Morris and Joyce, 1998), among others leading to the concepts of international entrepreneurship, policy entrepreneurship, institutional entrepreneurship, academic entrepreneurship, and social entrepreneurship. The subtle differences in terms of social entrepreneurship will be explored in the next section.
In addition, Wiklund (1999, p45) states EO contributes to performance, defined as “a compound measure incorporating dimensions of growth as well as financial performance and therefore risk-taking, innovativeness and proactiveness keep small firms ahead of competitors.” Such competitive advantage derived from EO is also asserted to be sustainable and therefore worthy of the investment by growing enterprises. This relationship to firm growth is supported in a meta-analysis examining data from 53 samples, (Rauch, Wiklund, Lumpkin, and Frese, 2009, p761) that provide “systematic and robust evidence of a positive, moderately large relationship between EO and firm performance”.

- **EO Uni- or Multidimensional Construct**

Debate continues over whether EO is a “unidimensional strategic orientation” (Covin & Slevin, 1989, p79) or composite, with the dimensions of innovativeness, risk taking, and proactiveness compared to a multidimensional construct where the underlying components vary independently of one another. Lumpkin & Dess, (1996, p 150) comment that the unidimensional construct implies “that only firms exhibiting high levels of all three dimensions should be regarded as entrepreneurial, however this approach maybe too tightly construed for explaining some types of entrepreneurial behaviour”, and from the statistical sense, EO is the “common or shared variance among innovativeness, proactiveness and risk taking and the exhibition of only two of these dimensions would be insufficient to label the firm as entrepreneurial”(Covin & Lumpkin, 2011). However from a multidimensional view of EO the latent construct exists as a set of independent dimensions, namely risk taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy. That is, these five dimensions constitute the construct of EO. It would seem, however, that the fundamental question is conceptual, as opposed to empirical.

In the light of the considerable research discussing these two conceptualisations (see for example, Bassa, Fayolle, and Bouchard, 2009; George, 2011; Kreiser, Marino and Weaver, 2002; Morris, Coombs, and Schindehutte & Allen, 2007; as quoted in Covin & Lumpkin, 2011) it is appropriate to quote Covin & Lumpkin (2011, p 860), “however, these two conceptualisations of EO are fundamentally different and neither is inherently superior to the other. We believe it is time to recognise the irreconcilability of these two conceptualisations, the questionable value of continuing to seek the superior approach, and the need to encourage EO along two paths corresponding to these two conceptualisations”. Indeed to be
entrepreneurial is to simultaneously demonstrate innovativeness, risk-taking, and proactiveness. (Morris, Coombs, Schindehutte & Allen, 2007)

- **Dispositional or Behavioural**

Covin & Lumpkin (2011) identify the issue of whether EO represents a dispositional or behavioural phenomenon (“the assumption being that constructs or at least those of greatest theoretical value cannot be both”). Voss, Voss, and Moorman (2005, p. 1134) define EO as "a firm-level disposition to engage in behaviors [reflecting risk-taking, innovativeness, proactiveness, autonomy, and competitive aggressiveness] that lead to change in the organization or marketplace”. By contrast, Pearce, Fritz, and Davis (2010, p. 219) define EO as "a set of distinct but related behaviors that have the qualities of innovativeness, proactiveness, competitive aggressiveness, risk taking, and autonomy”.

Undoubtedly, there is merit in seeking to understand and consistently discuss the EO construct as a particular type of phenomenon, be it dispositional or behavioral.

A limitation on conceptualizing EO as a dispositional phenomenon (Covin and Lumpkin, 2011, p 857) is that “EO becomes very difficult to distinguish from other firm-level entrepreneurial attributes that are intangible in nature”, such as entrepreneurial culture (Blumentritt, Kickul, and Gundry, 2005; Fayolle, Basso, & Bouchard, 2010), entrepreneurial climate (Hornsby, Kuratko, & Zahra, 2002; Michaelis, Stegmaier, and Sonntag, 2010), or when expressed as an aggregate or collective phenomenon, entrepreneurial mindset (Ma and Tan, 2006; McGrath and MacMillan, 2000), or entrepreneurial dominant logic (Covin & Slevin, 2002; Meyer and Heppard, 2000).

In addition such a dispositional phenomenon fails to recognize a core premise that has served the discipline of entrepreneurship well over time. Just as Gartner (1988) compellingly argued that entrepreneurs are known through their actions, not their traits, in the establishment of an organisation, Covin and Slevin (1991, p. 8) advance the proposition that behaviors are the defining attributes of entrepreneurial firms: “a behavioral model of entrepreneurship is suggested because behaviors rather than attributes are what give meaning to the entrepreneurial process. An individual's psychological profile does not make a person an entrepreneur. Rather, we know entrepreneurs through their actions. Similarly, non-behavioral organizational-level attributes, like organizational structure or culture, do not make
a firm entrepreneurial. An organization's actions make it entrepreneurial. In short, behavior is the central and essential element in the entrepreneurial process”.

An important caveat on a firm’s disposition toward entrepreneurship is that values such as organisational culture are conducive to entrepreneurship when associated with the exhibition of an EO. However, such values do not define EO (Covin & Lumpkin, 2011), rather EO positions entrepreneurship as a firm attribute or as an overall ‘strategic posture’. EO exists “as a continuous variable or set of variables as represented by one or more dimensions on which all firms can be plotted” (Covin & Lumpkin, 2011, p 862) and is not simply another label for a firm's entrepreneurial culture or climate. Likewise, “EO is not simply a singular, specific entrepreneurship act (as would be, for example, launching an innovative new product or making a corporate venture capital investment) but rather, the construct represented by behaviors that are shared by any firm that passes the theoretical litmus test of exhibiting entrepreneurship” (Covin et al. 2011, p 861). What this means in a practical sense is important to define and is the focus of this study

3.2.2 Entrepreneurial Process Models.

The above understanding of entrepreneurship as a process, and not a singular act, is well stated by Timmons & Spinelli (in Timmons, Gillin, Burshtein & Spinelli 2010) as “entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture”. Entrepreneurship results in the creation, enhancement, realization, and renewal of value, not just for owners, but for all participants and stakeholders. At the heart of the process is the creation and/or recognition of opportunities, (Timmons et al. 1987) followed by the will and initiative to seize these opportunities. An entrepreneurial opportunity is the result of a process described as “entrepreneurial discovery” (Spring, 2010), “they occur when an ‘entrepreneurial mind’ recognises that a resource is not being put to its ‘best use’ as products made from that resource can be sold for a higher price at another location, at another time or in another form than those products” (Ibid :41). Typically entrepreneurs devise ingenious strategies to marshal their limited resources and such occurrences are likely to be a consequence of new technologies, market inefficiencies, and political, regulatory and demographic changes. (Drucker, 1985; Shane and Venkataraman, 2000; Witt 2007).
• Timmon’s Model

The driving forces for this entrepreneurial process are illustrated in Figure 3.2 (Timmons, Gillin, Burshtein & Spinelli, 2010). In this Timmons model for the entrepreneurial process, first formulated in 1977, “the process starts with opportunity, not money, not strategy, networks, team, or the business plan” (Timmons et al. 2010, p109).

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Central to this model is the opportunity. “Successful entrepreneurs and investors know that a good idea is not necessarily a good opportunity” (Timmons et al., 2010: 109). Such recognition will depend on an entrepreneur having the information necessary to identify an opportunity and the cognitive skills needed to evaluate it. Success will depend on being the first entrepreneur to complete such a synthesis, as wide recognition of an opportunity will eliminate the opportunity for profit and the potential entrepreneur’s expectation “appears to be a function of the joint characteristics of the opportunity and the nature of the individual” (Shane and Venkataraman 2000, p222) (Casson 2003).
An important dynamic of the Timmons model is the capacity to depict an evaluation of the opportunity in terms of the dimensions of the circle (Fig 3.2) and balance this with similar evaluations for resources and team circle dimensions. Using the concept of a balance beam (Fig 3.2) to assess the performance of the venture, it is possible to depict the appropriate dimensions of opportunity, resources and team elements to achieve the desired sustainable economic, community and social outcomes. As such the model recognises the many contradictions in the highly dynamic, fluid, ambiguous, chaotic character and frequent changes in entrepreneurial process. It is important to recognise that entrepreneurship has evolved beyond the start-up notion to include companies and organizations of all types, in all stages. Thus entrepreneurship can occur—and fail to occur—in firms that are old and new; small and large; fast and slow-growing; in the private, not-for-profit, and public sectors; in all geographic points; and in all stages of a nation’s development, regardless of politics (Timmons et al.2010, p97).

**Bygrave Model**

In his seminal work on the entrepreneurship paradigm, Bygrave (1989a) established a process model (Figure 3.3) in which “various ideas are rooted primarily in the sciences of business, economics, psychology, sociology, and to a lesser (but increasing) degree, politics. Thus, it mixes theoretical concepts from basic social sciences with practical concepts from applied sciences” (Bygrave, 1989a, p8).

**Innovation**

Importantly the model includes the opportunity dimension as an innovation element (or unique event) in which the entrepreneurial venture “begins with a unique event” or triggering phase which is followed by an implementation phase, and includes, a growth phase. If one is to understand such a process then “we have to concede that no amount of complex statistical machinery can substitute for painstaking field studies of that event” (Bygrave, 1989a, p 21). Entrepreneurship is a dynamic not a static system. It is a process of becoming rather than a state of being. To emphasise this dynamic, Eddington (as cited in Bygrave 1989a, p 21) describes entrepreneurship as turning “existence into happening, being into becoming”. The essence of entrepreneurship is a change of state. It is a holistic process that cannot be analyzed by reducing it to its individual parts. It is not a steady state phenomenon. Nor does it change smoothly. It changes in quantum jumps.
The Triggered Event

Understanding the causes of the quantum jump is further explained by Bygrave (1989b), (Bygrave, 1993) by considering “an entrepreneurial event is so spontaneous that we cannot say for sure what caused it. More often than not, a new venture is triggered by relatively small changes in the variables for the entrepreneurial process (Figure 3.2)”, (Bygrave 1989b, p10) rather than one large breakthrough” he observed, "the innovative process is inherently incremental." Furthermore Bygrave (1989b, p11) established a mathematical characterization of the entrepreneurship process as:

(1) The entrepreneurial event is a discontinuity.
(2) The discontinuity ranges in size from a quantum jump to a tiny increment.
(3) The antecedents to the event comprise many factors.
(4) The event is triggered by changes in the antecedents.
(5) The changes are usually tiny increments rather than large breakthroughs.
(6) The event is unique (i.e., cannot be exactly replicated).
(7) The process is unstable (i.e., outcomes are very sensitive to small changes to the inputs).
(8) It is a holistic process.

Bygrave and Hofer (1991) argue that the act of new venture creation is a dynamic holistic process and is not suited to a reductionist research strategy. However Yencken and Gillin (2004) in analysing a series of case studies associated with new technology-based small firms (NTSF) found that cases differ significantly in the holistic nature of the entrepreneurship act of new entry. In cases where the opportunity came first, and was followed in the early part of development, by the classic search for technology and other resources to form an organisation the process was holistic rather than reductionist. For product and service oriented NTSF cases where it was difficult to identify the entrepreneur, and hence the firm driving force, the ‘entrepreneurship process’ or development was better described as a reductionist process rather than holistic (Vohora, Lockett and Wright 2002).

These findings suggest that entrepreneurship is not always a fully holistic process. Rather the exploration of technological innovation through new spin-off ventures requires varying mixes of holistic and reductionist strategies according to the class of company involved. This is close to the concept of requisite holism Hindle and Yencken (2004) that "suggests that holism may be a continuous variable that may be applied to all systems that may be holistic to various degrees in terms of the previous definition of requisite holism".

Given the entrepreneurial process is both holistic in nature and inherently related to change, turbulence, nonlinearity and unstable discontinuities, any such mathematical models of the process must be able to model a discontinuous change in the outcome in response to small incremental change in any of the antecedents. Bygrave (1989a) points out that

Entrepreneurship is a process of becoming rather than a state of being. No amount of regression analysis will help us understand what triggers the quantum jump or what happens during the quantum jump. At most, a dummy variable in regression analysis will tell us that a change has occurred. But as its name implies a dummy variable is mute. It can only indicate that a change occurred; it cannot tell us the details of why and how the change occurred (p21).
This statement is also significant as to the research methodology chosen for this thesis in seeking to understand entrepreneurship. Bridgman (as cited by Bygrave 1989a, p21) wrote: “there is behind the equations an enormous descriptive background through which the equations make connection with nature”. Bygrave (1989-1: 21) comments “the heart of the entrepreneurship process will be found in the “descriptive background.” We will not get to the heart of the startup process unless we observe it happening in the field”. Bygrave (1989a) argues for more in-depth longitudinal case studies that will help to understand the process of entrepreneurship.

- **Implementation & Growth**

Gartner (1988) describes the entrepreneurship process in terms of a new organisation - “entrepreneurship is the creation of new organisations….entrepreneurship ends when the creation stage of the organisation ends”. Such a description includes:

the starting of any firm, regardless of whether it is innovative. It also includes the purchasing of an established new or small firm. Entrepreneurship can also be defined to include the starting of new and typically innovative ventures within established organizations. This includes the starting of innovative ventures within established corporations, as well as in non-profit or governmental organizations

No recognition is included that incorporates the contribution of rapid growth to the entrepreneurial process and successful outcomes.

If entrepreneurship is described as the act of new entry and entrepreneurial orientation as the process that determines new entry performance (Lumpkin and Dess, 1996) then entrepreneurial capacity is the resource that is essential for discovery to become a realised commercial opportunity. Alvarez and Busenitz (2001) have argued that in this context entrepreneurial capacity is a set of knowledge resources. This leads to consideration of knowledge as a resource and the relation between entrepreneurship and resource based theory of the firm. Hindle (2002) relates this concept of entrepreneurial capacity to the processes within developing spin-off ventures which exhibit small-I and BIG-I innovation. Hindle comments

in the absence of entrepreneurial capacity the achievable value to a firm of any new knowledge will always be zero, irrespective of its inherent value or the scale of the productive opportunity it generates ... entrepreneurial capacity--not the quality of new knowledge--is the critical determinant of ultimate economic value” (p.55).
In summary entrepreneurship is a process that evolves with time. Limiting entrepreneurship to the process of creation of the new venture or the organisation and fail to consider entrepreneurial orientation, entrepreneurial capacity and associated growth phases of the venture, limits understanding of the holistic nature of the process. Also limiting the development of understanding to cross-sectional studies loses much of the richness that comes from case studies and longitudinal studies, (Bygrave 1989a). Bridgman (as cited by Bygrave, 1989a) “advises that the entrepreneurship scholar should strive to emulate the physicist”. As you read it,

Substitute entrepreneurship scholar for physicist and you will have a summary of my position. The attitude of a physicist must therefore be one of pure empiricism. He recognizes no a priori principles which determine or limit the possibilities of new experience. Experience is determined only by experience. This practically means that we must give up the demand that all nature be embraced in any formula, either simple or complicated. It may perhaps turn out eventually that as a matter of fact nature can be embraced in a formula, but we must organize our thinking as not to demand it as a necessity” (Bygrave 1989a, p 21,22) and concludes “we should not be amassing undifferentiated empirical data. We must have models to guide us a priori. But we should not shun qualitative models because we consider quantitative models to be the only ones that are scientifically valid (p23).

3.2.3 Social entrepreneurship/venturing

Having established the concept and process of entrepreneurship as understood in the commercial field, it is appropriate for this review to explore both the understanding of social entrepreneurship and its relationship to a holistic appreciation of entrepreneurship as a discipline. This applies to the concept of an economic structure of public institutions, private firms, not for profit organizations, and entrepreneurial activities that facilitates the dispersion of scarce resources in providing for the needs of society (Baumol and Blinder, 2008) (Morris, Coombes, Schindehutte and Allen, 2007).

Not for profit organizations surface as a separate organizational form to serve the needs of society that are unmet by government and private companies. Organizations classified as not for profits share two commonalities: they are formed with the intent of fulfilling a social purpose, and they do not distribute revenues as profits (Boris and Steuerle, 2006). Beyond this, significant diversity can exist among not for profits, such as in their governance structures, relative dependence on various revenue sources, the role of volunteers, public visibility, and involvement in commercial activities (Salamon, 1992).
Dess (1998, p4), in considering a definition for social entrepreneurship (SE), argued that a substitute for the “market discipline that works for business entrepreneurs” was a requirement and the definition sought to combine “an emphasis on discipline and accountability with the notions of value creation taken from Say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson”. The definition states:

Social entrepreneurs play the role of change agents in the social sector, by:
• Adopting a mission to create and sustain social value (not just private value),
• Recognizing and relentlessly pursuing new opportunities to serve that mission,
• Engaging in a process of continuous innovation, adaptation, and learning,
• Acting boldly without being limited by resources currently in hand, and
• Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created” (Dess 1998, p4).

Lumpkin, Moss, Gras, Kato and Amezcua (2012), (Mair and Marti 2006) define SE as a process of social value creation in which resources are combined in new ways to meet social needs, stimulate social change, or create new organizations. This concept of SE involves “using practices and processes that are unique to entrepreneurship to achieve aims that are distinctly social, regardless of the presence or absence of a profit motive” (Short et al. 2009, p172). Such a concept can be applied to not-for-profits, for-profits with social missions and hybrid organisations as represented within the aged care industry and states “there is no definitive consensus about what the term (social entrepreneurship) actually means (Light, 2006, 2008; Perrini, 2006); second, that the research agenda for the field is not yet clearly defined (Nicholls, 2006a, 2006b, 2009; Short, Moss, and Lumpkin, 2009).

In addition Welter (2011) refers to the application of a contextualising theory of entrepreneurship to better understand the phenomena as presented above. Just as Austin et al, (2006) used the ‘how’ of commercial entrepreneurship to assess the concept of social entrepreneurship, Welter (2011, p167) uses context to understand the ‘when’, ‘how’ and ‘why’ of entrepreneurship through the interaction of a multiplicity of contexts. In relation to the social context in entrepreneurship Welter (2011) highlights the importance of social network dimensions which depend on societal values regarding entrepreneurship and emphasise links between social and societal contexts. Such contextual and societal links in aged care are discussed in Chapter 2. Welter (2011: 169) identifies research that shows social ties and contexts: “to be an important resource for overcoming liabilities of newness and
smallness when starting and developing a business (e.g., Davidsson and Honig, 2003; Greve and Salaff, 2003), for providing opportunities and resources for social ventures (Haugh, 2007) or for founding teams (Aldrich and Kim, 2007; Ruef, Aldrich, and Carter, 2003) and Cheney and Roper (2005, p 158) show that social entrepreneurship “covers a range of societal trends, organizational forms and structures, and individual initiatives”.

In extending these definitions and concepts through SE processes to outcomes with social value propositions (SVP) (Austin et al. 2006), (Weerawardena and Mort 2006), social value creation (Lumpkin et al. 2012), (Lumpkin and Dess 1996), (Rauch, Wiklund, Lumpkin and Frese 2009), and social value impact (Gillin 2006), key elements and significant differences and lessons are identified between commercial entrepreneurship (see section 3.1) and social entrepreneurship. Two such elements identified are the presence of an overarching social mission and entrepreneurial creativity amongst the team and organisation (Nicholls, 2006; Peredo and McLean, 2006).

Firstly the PCDO framework (Austin et al. 2006), discussed in section 3.1 on commercial entrepreneurship, is used to explore the antecedents and processes of SE and, secondly the application of entrepreneurial orientation to an understanding of SE outcomes (Lumpkin et al. 2012) is developed.

a. Opportunity

As established in the previous discussion, ‘opportunities’ are central to the triggering of entrepreneurial and innovative behaviour and both commercial and social entrepreneurship require the investment of scarce resources with the hope of future returns. At the conceptual level, opportunities may seem similar across commercial and social entrepreneurship but “… in practice, the opportunity dimension of the framework is perhaps the most distinct owing to fundamental differences in missions and responses to market failure” (Austin et al. 2006, p6). Commercial entrepreneurship tends to focus on breakthroughs and new needs, whereas social entrepreneurship often focuses on serving basic, long-standing needs more effectively, such as aged care, through innovative approaches. For a commercial entrepreneur, an opportunity must have a large, or growing total market size and the industry must be structurally attractive. For a social entrepreneur, a recognized social need, demand, or market failure usually guarantees a more than sufficient market size. The problem is “not the existence of the need, but rather whether the necessary resources can be marshalled for the
social entrepreneur’s innovation to serve that need” (Austin et al. 2006, p 6). This is closely associated with opportunity recognition or the identification of opportunities to solve social problems or create social value (Dees, 2001, 2007; Mair and Marti; Peredo and McLean; Shaw and Carter, 2007; Thompson, 2002; Weerawardena and Mort, 2006). SE is thus, “similar to commercial entrepreneurship in that the recognition of opportunities to create or innovate is the initiation point of the entrepreneurial process” (Austin et al. 2006, p 6).

Opportunity recognition for a social entrepreneur could be shaped by the social mission (Dees, 2001) or by social and institutional barriers to entry in a particular social market (Robinson, 2006). The position of opportunity within the social entrepreneurship framework is shown in figure 3.4 and its relation to social value propositions (SVP).

b. Context

As discussed in chapter 2 the external context for delivery of aged care services, defined as factors affecting the nature and outcome of the opportunity, are outside the control of management in aged care facilities. Such factors include the ageing of the population, the macro economy, return on investment, government regulation of the industry and quality of delivered care. In the social sector, these contextual factors can be equally as important as in the commercial sector. The philanthropic market is highly affected by economic activity, as much philanthropic capital originates from commercial enterprise. Austin et al. (2006) comment:

Although the critical contextual factors are analogous in many ways, the impact of the context on a social entrepreneur differs from that of a commercial entrepreneur because of the way the interaction of a social venture’s mission and performance measurement systems influences entrepreneurial behaviour. In many cases, a social entrepreneur can still meet with some degree of success, while pursuing an opportunity, despite an inhospitable context. In fact, social entrepreneurs may choose to pursue opportunities to address social change not despite of, but because of, an inhospitable context. Thus, social entrepreneurs may respond in fundamentally different ways to adverse contextual conditions than their commercial counterparts as illustrated by dotted circle in Fig. 3.4 (p 9)
c. People and Resources

Within commercial entrepreneurship, success for the entrepreneur/innovator depends on two key determinants (1) knowing the industry in which resources are sought to launch a new enterprise, and (2) being known by others for their abilities (Sahlman (1996) and Hart, Stevenson, and Dial (1996). Austin et al. (2006) comment:

Despite many similarities, the nature of the human and financial resources for social entrepreneurship differs in some key respects, primarily because of difficulties in resource mobilization. Unlike a commercial entrepreneur who often has the financial resources or incentives to recruit and retain talent, social entrepreneurs are rarely able to pay market rates for key hires (Oster, 1995) nor are they able offer other equity incentives such as stock options, except when the social entrepreneur has opted for a for-profit organizational form (p11).

Another dimension is where the social enterprises often rely upon volunteers to serve key functions, such as board members, to help with fundraising or to provide professional services, or as staff to deliver their services on the ground.
d. Deals

Beneficial contractual relationships between the entrepreneurial venture and all resource providers are important to the success of both commercial and social entrepreneurship. This involves seeking investors to provide financial resources, as well as skills and talent within the organisation to generate a return on investments, whether financial or social. Austin et al. (2006,) comment:

however, because of the way in which resources must be mobilized and because of the ambiguities associated with performance measurement, the terms of the deals are fundamentally different for commercial and social entrepreneurs. Deals involve the exchange of value. The value transactions in social entrepreneurship differ from commercial entrepreneurship in kind, consumers, timing, flexibility, and measurability (p14).
**e. A Framework for Social Entrepreneurship**

In the social entrepreneurship framework, Austin et al. (2006) (fig 3.4) illustrate the “the central role of mission in social enterprises and the multifaceted nature of the social value generated” which drives social purpose in social entrepreneurship or social value proposition (SVP).

The framework in fig. 3.4 comprises the opportunity circle at the top representing the initiating or ‘triggering’ point for social entrepreneurship with two enabling variables –people and capital resources undergirding the opportunity. Importantly the three circles intersect, “reflecting the overlapping and interdependent nature of the variables. At the centre is the SVP as the integrating variable. Surrounding all three circles are the contextual forces shaping the other variables and requiring scrutiny by the entrepreneur” (Austin et al. 2006, p16). Covin & Slevin (1991, p8) note

behaviours rather than attributes are what give meaning to the entrepreneurial process. An individual's psychological profile does not make a person an entrepreneur. Rather, we know entrepreneurs through their actions. Similarly, nonbehavioral organizational-level attributes, like organizational structure or culture, do not make a firm entrepreneurial. An organization's actions make it entrepreneurial. In short, behavior is the central and essential element in the entrepreneurial process.

**f. Entrepreneurial orientation in a social context**

Extending the context of the social entrepreneurship framework and SVP, consideration is given for the applicability of entrepreneurial orientation (EO) to the social entrepreneurial process leading to social outcomes through social value creation (Lumpkin et al. 2012). Importantly the role and presence of entrepreneurial antecedents and outcomes may differ from commercial entrepreneurship within a social context and have a unique influence on entrepreneurial processes within the aged care industry. Using an inputs-throughputs-outputs framework, Figure 3.5, Lumpkin et al (2012) assess the relationship between four antecedents—social mission and/or motivation to pursue a social purpose (Zahra, Gedajlovic, Neubaum, and Shulman 2009), opportunity identification processes oriented towards social problems (Murphy and Coombes 2009), access to fewer resources/ funding than in commercial ventures (Austin, Stevenson, and Wei-Skillern 2006), and multiple stakeholders linked to the purpose or mission (Spear, Cornforth, and Aiken 2009), and three outcomes—
social value creation, sustainable solutions, and satisfying multiple stakeholders (Moss, Lumpkin and Short 2008)—to the dimensions of entrepreneurial orientation—innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin and Dess, 1996).

Figure 3.5 Social Entrepreneurship Process Framework. (Lumpkin, Moss, Gras, Kato & Amezcua, 2012)

In the sections that follow, the concepts of SE antecedents and outcomes, are described in greater depth using the measures of “relationships among SE antecedents and the dimensions of EO” and “relationships among SE outcomes and the dimensions of EO” as measured by Lumpkin et al.(2012, p6).

- **Antecedents**

As presented in Fig. 3.5 and based on a review of recent social entrepreneurship literature, (Lumpkin et al. 2012), (Morris et al. 2011) identify four broad classifications of antecedents that are unique to an SE context—social motivation/mission, opportunity identification, access to capital/funding, and multiple stakeholders.

**Social motivation/mission**

Lumpkin et al (2012, p 8) comment:

“The basis for action—whether in the form of individual motivation or organizational mission is among the antecedents that most clearly distinguish social entrepreneurship from commercial entrepreneurship (Austin et al. 2006). Whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force; its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the
motivation”. Also synthesising SE research, Morris et al. (2011: 951) suggests “that entrepreneurship manifested in not-for-profits is significantly influenced by the nonprofit’s unique social mission-driven motivation, which in turn shapes key processes and outcomes”.

Lumpkin et al. (2012, p8) identify three facets that serve as a foundation in proposing the influences of social missions on entrepreneurial processes. “First, commercial entrepreneurship generally emanates from self-focused desires such as wealth accumulation or self-employment, whereas social entrepreneurship tends to derive from other-focused or collective-focused aspirations such as wealth giving or sharing, or community development (Van de Ven, Sapienza & Villanueva 2007)”. For this reason, profit-related goals are often subordinate to the social mission or, at most, evenly prioritized with social goals depending on the type of social entrepreneurship.

Most social missions are focused on basic and long-standing societal problems and needs such as poverty, hunger, unclean water, unemployment, transportation, education, human rights, etc. (Austin et al. 2006). Commercial missions, by contrast, are often more focused on consumer ‘wants’ that go beyond the basic necessities of human life.

Third, missions that include a social dimension tend to be more powerful in guiding firm behavior than are commercial missions (Campbell and Yeung 1991). Thus social missions often exhibit a stronger saliency in directing firm behavior than their commercial counterparts” (ibid: 9-10)”. According to Morris et al. (2011), such entrepreneurial behaviour within a not-profit context is not well understood. “The logic of engaging in innovative, risk-taking, proactive behaviours while also attempting to serve a social mission (e.g. save souls, encourage blood donations, house the homeless) and satisfy multiple stakeholders, typically with severely limited resources, is not always clear cut” (Morris et al., 2007: 19).

In combining the EO dimension of Innovativeness with Social Motivation/Mission, Lumpkin et al. (2012) observed that clear, compelling social missions positively enhance the development and adoption of innovative solutions; that creativity and experimentation are positively essential due to the uniqueness of social missions; but may impede outside-the-mission idea generation/experimentation.
Opportunity identification is an essential step in developing an entrepreneurial venture (Shane and Venkataraman 2000). For opportunities to be identified in a social context a) social problem-solving must be considered a legitimate domain for entrepreneurial activity; and b) addressing social ills and problems must be regarded as a benefit to society (Brooks 2009). This change in perception of the opportunity paradigm to that of commercial entrepreneurship may be required to effectively identify social opportunities because of the need to perceive social ills and social problems as opportunities, and to recognize entrepreneurship as a source of solutions.

Most agree that opportunities for social entrepreneurship are found in social problems (Mair and Marti 2006; Peredo and Mclean 2006). Austin et al. (2006) contend that opportunities are more abundant for social entrepreneurship than commercial entrepreneurship. Social problems are further defined as specifically benefitting underserved or disadvantaged populations (Martin and Osberg 2007), or as the “market niche” that social sector institutions fail to fulfill (Murphy and Coombes 2009). The factors that distinguish whether opportunity identification is different in a SE context hinge on the overlap between society’s call to solve certain social problems and the willingness of social entrepreneurs to solve them. Lumpkin et al. (2012, p 25) argue “the application of entrepreneurial solutions to a social problem depends in part on perceptions of which societal values have not been fulfilled under the current institutional settings (Mair and Marti 2006), and the level of resources social entrepreneurs can mobilize to address them. In a SE setting, a key function of social entrepreneurs is to garner resources to produce products and services. Funders, as emissaries of society, evaluate whether the social entrepreneur’s cause is worthy enough to address (Sullivan Mort et al. 2003; Austin et al. 2006). The resources social entrepreneurs can mobilize reflect, to some extent, how highly the opportunity is regarded by society. The extent to which this happens—and hence the number and type of opportunities recognized—will depend on how abundant the social problems are perceived to be”.

In linking the EO dimension of competitive aggressiveness with opportunity identification Lumpkin et al. (2012) concluded social problems that require aggressive action to solve may be less attractive opportunities and the norms of social helping may inhibit social organizations from acting competitively. Yet Australian government policy is moving to
establish competition amongst the aged services it funds.

**Access to capital/ funding**

From a not-for-profit perspective many authors have highlighted the problem of constrained resources as a key difference between social versus commercial entrepreneurs (Morris et al., 2011; James 1986; Hansmann 1980; Weisbrod 1998). The more critical distinction relates to access to resources (Austin et al. 2006). SE enterprises with limited access to private capital compared to commercial ventures may be less attractive and therefore have far less access to capital. Yet, over the past three decades, the not-for-profit sector has come to rely increasingly more on commercial activities to finance their operations as opposed to depending on charitable contributions (Salamon 2002).

Lumpkin Et al. (2012) suggest two explanations for the propensity of not for profits, e.g. aged care facilities, to engage in commercial activities center on public spending and increasing competition. Because many not for profits, especially those addressing social welfare problems, typically receive public funding to subsidize operations, their financial stability is sensitive to changes in government spending. (p12)

Thus, as governments have restrained spending in sectors dominated by nonprofit enterprises, nonprofits have turned to entrepreneurship to offset public funding cutbacks (LeRoux 2005 Gliedt and Parker 2007) (Productivity report, 2011). In a study of U.S. municipalities, cities with the highest levels of social entrepreneurship were also those where local municipalities reported the highest levels of support to social entrepreneurs (Korosec and Berman 2006).

Overall, the landscape for funding and access to capital for social entrepreneurs can generally be described as evolving (Lumpkin et al., 2012). On the one hand, social entrepreneurs in the nonprofit sector have access to specialized forms of funding through government grants and contracts, and donations from private foundations and individuals (Austin et al. 2006).  “Given the newness of social entrepreneurship and its reliance for funding from multiple types of donors, governments, and consumers, it is fair to say that the financial markets for spearheading social enterprises are still in a state of development” (Lumpkin et al. 2012, p13).

In assessing the EO dimension of risk taking with access to resources/funding, Lumpkin et al. (2012) find that institutional funders may not endorse taking unorthodox or uncalculated
risks, individual donors may be more accepting of risk taking, and relying on volunteers or vociferous funders may require greater risk taking.

**Multiple stakeholders**

A stakeholder is any individual or group who is affected by or who can affect an organization’s ability to achieve its objectives (Freeman 1984; Jones 1995). Yet while organizations may have a number of stakeholders, the salience of stakeholders to a given organization depends upon the power, legitimacy, and urgency of those stakeholders (Mitchell, Agle, and Wood 1997). Lumpkin et al (2012) states that

Compared to commercial ventures, social entrepreneurs are likely to have a significantly wider array of relevant stakeholders. A social entrepreneur, however, will typically include a commercial venture’s stakeholders, plus others. Those afflicted by a social ill—those receiving the goods or services—may not have power, but they are legitimate because these very groups are the reason the social venture exists (p 13).

The notion of investors may involve an array of contributors and supporters, many of whom have a vested interest in the success of the enterprise in achieving its social mission but have decreased expectations of gain and potentially little authority to control its activities (Knott and McCarthy 2007; Silby 1997). Further, in the case of nonprofit organizations, the notion of ownership is significantly different than ownership in a private venture (Morris et al. 2011). Shaw and Carter’s (2007) depict social ownership structures as including clients, users, and local or community groups or trustees. Lumpkin et al (2012) say that by including these groups as a part of organizational ownership, social entrepreneurs grant them power and legitimacy, as well as greater opportunities to present the urgency of their claims” (p 14).

Assessing multiple stakeholders with the EO dimension of proactiveness Lumpkin et al. (2012) find positive relationships with the concepts “more voices may provide better ability to anticipate future needs and challenges”, and “a wider network of stakeholders may increase ability to influence outcomes”.

- **Outcomes**

Based on a review of recent social entrepreneurship literature, Lumpkin et al. (2012) identify three broad classifications of outcomes that are unique to an SE context—social value
creation, satisfying multiple stakeholders, and the sustainability of solutions.

**A Social value creation**

Activities that create social value can take many forms, yet what they have in common is the betterment of society as a whole, rather than any particular group within it. This is in contrast to economic value creation which is typically expressed in strictly financial terms and tends to be limited to owners and investors (Fernandez 2002). Many activities create both social and economic value such as the efforts of Grameen Bank to improve quality of life, self-esteem, and local communities by financially supporting micro-entrepreneurial efforts (Yunus, Moingeon, and Lehmann-Ortega 2010). But social betterment efforts may also create social value with no clear economic benefit (as in the case of a suicide hotline). These efforts tend to be encompassed by organizations on the completely not for profit end of the social entrepreneurship spectrum. Lumpkin et al. (2012) identify three characteristics of social value creation (SVC) which identify the effects of SVC on entrepreneurial processes.

First, it can be argued that much of the value created by a social enterprise is a positive externality in that it does not accrue primarily with the one who engaged in directly exchanging the good or service. However, for the most part, the social and environmental benefits accrue not to the company itself, the owners, or consumers, but to society or the environment at large”. (p 16)

According to Santos (2009), this is a key distinguishing feature of social entrepreneurship, namely, an emphasis on value creation rather than value appropriation. The ramifications of this may affect entrepreneurial processes such as, for example, collaboration. The absence of a disincentive to collaborate makes SVC a less competitive and more collegial endeavor among firms.

A second attribute of SVC is its rarity as a deliberately generated outcome. Traditional commercial firms undoubtedly generate collateral social value such as job creation (Friedman 1970). But only a handful of enterprises make social value creation their primary mission. This attribute has several implications including the fact that compared with economic value creation; there are fewer prescribed best practices in generating SVC, little precedence to follow, and fewer subject-matter experts on the topic.

Finally, it is worth noting that measuring SVC is highly problematic (Cho 2006, Tool 1977, Young, 2006). According to Young (2006), this is due primarily to five factors:
Social values are subjective.
Social values are negotiated between stakeholders.
Social values are contingent and open to reappraisal.
Social values bring together incommensurable elements that cannot easily be aggregated within a single metric.
Social values are inseparable when it comes to social activity.

The development of a widely-accepted, standardized, workable measure of SVC presents a major challenge for researchers and policy makers aiming to compare and cumulate results of SE efforts, “Our understanding of both investment and return is founded upon a traditional separation in the creation of social versus economic value” (Emerson 2003 p. 36).

In seeking to assess the outcome of combining the entrepreneurial orientation dimension of autonomy with the context of social value creation, Lumpkin et al. (2012) find a negative outcome in that “autonomous actions limit collaboration which may inhibit social value creation,” whereas “independence and determination by social ventures may foster social value creation, especially in the presence of uncertainty and/or absence of norms” deliver a positive outcome.

b. Satisfying multiple stakeholders

The stakeholder map of a social enterprise is typically more complex than in strictly commercial settings and may require special effort to bridge disparate stakeholder positions (Maguire, Hardy and Lawrence 2004). Lumpkin et al (2012) write that

A frequently cited example is that in some SE contexts, the beneficiaries of services (the needy) are not the same as those who pay for services (donors). Nonetheless, social entrepreneurs rely on stakeholders to justify the need for their products/services, generate community support, provide access to resources, and create policies that enable them to enact positive social change (p17).

The diverse nature of stakeholders associated with SE organisations can be challenging: for community organisations to reduce poverty and crime (Purdue, 2001; Van Slyke and Newman, 2006); for employees and volunteers joining social ventures to remedy social ills (Maguire et al., 2004); for customers, donors increasingly expecting key information to be presented to their satisfaction (Darby and Jenkins, 2006); and for government entities requiring laws and regulations to be followed, and also desire improved social welfare. Again Lumpkin (2012) adds to the discussion with the view that

Although the stakeholder map is likely to differ depending on the type of SE, nearly all social ventures will face an array of performance expectations from
their stakeholders, beyond the simple financial returns pursued by commercial enterprises. Social entrepreneurs may have great difficulty reconciling the competing claims of multiple stakeholders (p18).

The above issues are highlighted by Lumpkin et al.(2012) in considering the outcomes from combining EO dimension of innovativeness with satisfying multiple stakeholders. A negative relationship is found for “innovations must satisfy more criteria to be considered effective, with a positive relationship for “disruptive innovations may impact more stakeholders”.

c. Sustainability of solutions

The sustainability of entrepreneurial initiatives—offering lasting solutions to persistent social problems—is a key theme in both the scholarly and practitioner-related SE literature (Sud et al., 2009; Dees, 1998). Two distinct arguments around the notion of sustainability should be noted: sustainability of activities from resource perspective (Dees and Anderson 2003) and institutionalization of the social change solution (Mair and Marti, 2006).

“Most social entrepreneurship organizations face difficulty in sustaining innovation capability (Austin et al. 2006). Regardless of a resource or innovation perspective, sustainability in social ventures is characterized by a focus on long-term survival rather than rapid growth (Weerawardena and Mort 2006), suggesting that failure may be less of an option to social entrepreneurs than to other types of entrepreneurs. The notion of sustainable entrepreneurship suggests that environmental market failures can be opportunities for improved profitability and reduced environmental degradation (Dean and McMullen, 2007). In other words, social entrepreneurs are required to complete a social change without causing another social problem. Thus, the sustainability of a solution—in the sense of resources, institutionalization, and environmental impact—is often perceived to be a necessary condition for social entrepreneurship. In order to ensure the completion of social change, social entrepreneurs must strive for institutionalization of their solutions” (Lumpkin et al. 2012, p19).

Such outcomes as reported by Lumpkin et al., (2012), and based on the EO dimension of proactiveness with the antecedent associated with sustainability of solutions showed a positive significance for “forward-looking behavior allows social enterprises to tackle social problems in more holistic and effective ways, together for “first mover activities helps social ventures to be perceived as leaders in solving problems, which enhances support for efforts”.

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Entrepreneurial Orientation

It is worth noting that EO is a framework that many scholars have drawn on to describe a fairly consistent set of related activities or processes (e.g., Covin and Slevin 1989; Wiklund and Shepherd 2005; Morris et al. 2007, 2011). Also the EO construct provides an effective tool for capturing evidence of entrepreneurial decision processes across a wide variety of organizational and geographic contexts (Kreiser, Marino, and Weaver 2002; Tan and Tan 2005; Morris et al. 2007). Such processes incorporate a diverse set of activities which include planning, analysis, and decision making that organizations rely on to enact their organizational purpose, sustain their vision, and create competitive advantage(s) (Lumpkin et al., 2012).

Using the EO framework, consisting of five dimensions to represent configurations of policies, practices, and processes across many types of organizations—innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin and Dess 1996), Lumpkin et al. (2012) discuss the relationship between EO and the antecedents and outcomes identified above; that are unique to social entrepreneurship; where there are differences; and if conflicted with each other. Based on this approach, Lumpkin et al., (ibid) report the “majority of processes and practices used by social enterprises are similar to those used by commercial enterprises” (Lumpkin et al. 2012, p35).

In terms of key differences, Lumpkin et al. (2012) report few if any for EO dimensions of innovativeness and proactiveness. However in dealing with cases of complexity of problems, constrained resources or a need for long term solutions there is a requirement for a greater inclusion of innovativeness and proactiveness.

In regard to risk taking, the analysis suggests more risk taking may be needed, particularly where the appetite for risk taking may be lower if the social enterprise is to grow and effectively create and deliver sustainable social value.

The analysis also showed the competitive aggressiveness (CA) and autonomy to be the most conflicted of the EO dimension within social entrepreneurship compared to commercial entrepreneurship.
The analysis showed competitive aggressiveness conflicted because of balancing need to be assertive with heightened need for cooperation: e.g. competitive action in social sectors often necessary to address social needs; assertive behaviors can help social enterprises attract more resources and partners to expand activities; CA may limit cooperation and knowledge sharing among ventures making social value creation inefficient (-); and overly competitive behavior may result in destruction of social value.

Autonomy conflicted because of the need to both collaborate and take independent action: e.g. finding unique solutions for social problems may require autonomous action; a social mission emphasis on collaboration may inhibit independent modes of operation; independence from institutional norms required to enact alternative solutions and consistent approaches to solving social problems; funders’ and investors’ intentions might hinder autonomy.

In terms of ‘sources of difference’ between SE and CE, Lumpkin et al. (2012) observed that having a social motivation/mission is a central distinguishing feature of SE but it does little to change entrepreneurial processes. Opportunity identification is also similar as recognizing problems as opportunities and the complexity of problems are the key differences. Also type and availability of funding/resources is different for some social enterprises but not all, (Not-for-profits vs. for-profits vs. hybrids). Lumpkin et al., (2012) found many differences linked to risk taking: e.g. institutional funders may not endorse taking unorthodox or uncalculated risks; individual donors may be more accepting of risk taking; relying on volunteers or vociferous funders may require greater risk taking.

In respect of value creation process it was observed the process is not different to commercial enterprise because it is social enterprise: e.g. social innovation, including experimentation and frame-breaking development work, do result in greater social value creation; opportunity-seeking efforts such as scanning trends and monitoring change can open new avenues for creating social value. Measuring impact and social value created, however, is a challenge.

Interestingly multiple stakeholders in social arenas seem to change how entrepreneurship is done: e.g. more opportunities created for new combinations due to greater variety of inputs; different stakeholders’ framing of risk affects risk-taking propensity; multiple stakeholders may inhibit ability to act autonomously; disruptive innovations may impact more stakeholders; and payoffs from risk taking may be experienced unevenly across stakeholder groups.
The biggest challenge identified is the need for sustainability goals to require the most sweeping entrepreneurial action: e.g. innovative and creative approaches allow social ventures to serve more populations and ongoing needs; uncalculated or poorly vetted risk taking could result in discontinuity of solutions; autonomous action may require social ventures to be loss leaders or outliers to achieve social change; and independence from institutional norms required to enact alternative solutions and consistent approaches to solving social problems.

In summary the most affected (lesser impact) dimensions of EO associated with social entrepreneurship include: autonomy; competitive aggressiveness; risk taking. The most impactful antecedents and outcomes on entrepreneurial processes include: presence of multiple stakeholders; and sustainability of solutions.

3.3 Not for Profit Boards, Governance and Theories

The board of directors refers to the governing body of an organization. The board and its directors are responsible for the governance and management of the affairs of the organization. The board is primarily concerned with developing and approving organisation strategy, appointing the CEO and senior leadership, reviewing management performance and meeting of agreed objectives, approving financially responsible budgets and associated fiduciary duties, maintaining ethical values and developing a culture of trust and commitment to the mission of the not-for-profit enterprise. Such duties of trust include the duties of due care, loyalty to the organization and obedience to the law. (Kakabadse, 2008)

Generally, not-for-profits (NFP) are organized around a social mission (Quarter and Richmond, 2001) and embrace values such as philanthropy, volunteerism, and their independence to act as advocates and obtainers of services for their residents, clients or members (Alexander and Weiner, 1998). Hudson (1999, p37) asserts that NFP organizations “are at their most effective when the people involved share common values and assumptions about the organization’s purpose and its style of operation.” Salamon and Anheier (1998, p. 245) emphasize “the social origins of NFPs, and suggest that the NFP sector is not an isolated phenomenon but an integral part of a social system and its historical forces”.

It is thus appropriate to consider the strategic governance and stewardship exercised by boards in achieving social entrepreneurship within NFPs and the aged care industry in particular.
Acar et al. (2001) in exploring the ways in which NFP and for profit organizations viewed their social responsibilities, ethically, legally and philanthropically, and beyond the values attached to their mission or purpose, found that NFP organizations placed a significantly greater emphasis on their social responsibilities than did FP organizations. Similarly, Alexander and Weiner (1998, p 223) identified “values such as participation, due process, and serving their community as prominent in NFPs, and maintained these organizations tend to have a very strong ‘collective conscience’ which ensures that their values are sustained however relatively little is understood about factors triggering entrepreneurial behaviour within organizations not driven by profit motives (may depend on how profit is defined)”.

Social entrepreneurship is concerned with the pursuit of opportunities for enhancing the social good, where unique resource combinations are used to produce significant social returns (Brooks, 2008). It is therefore relevant to the topic of this thesis to assess the non-profit board’s underlying behavioural orientations, or the extent to which the board is strategic, activist, conservative, and cohesive and which theory or multiple theories best describes effective entrepreneurship and innovation within the social venture.

**3.3.1 Behaviour orientation**

Social entrepreneurship as a process incorporates the same behavioral tendencies as entrepreneurship in the for-profit context. As such, an entrepreneurial orientation in nonprofits involves innovativeness, proactiveness, risk taking, autonomy and to a lesser degree competitive aggressiveness. Entrepreneurial orientation is linked to performance (Covin and Slevin, 1991, 1989). The primary motivation of nonprofits is to serve a social purpose coupled with the need to remain financially viable and sustainable. As such this leads to a set of processes and outcomes that are more complex and multifaceted than those in for-profit firms.

Morris, Webb, and Franklin, (2011) identifies such a nonprofit entrepreneurial orientation as incorporating (1) social, mission-centric innovation, commercial innovation, and the unique case in which innovation includes both social and commercial aspects; (2) social, financial, and stakeholder-relevant risk; and (3) proactiveness relative to similar organizations in terms of social and commercial innovation as well as relative to stakeholder expectations (p965).
Relatively little is understood about factors triggering entrepreneurial and innovation behaviour within not-for-profit Aged Care facilities. Not-for-profit ventures, including community and church sponsored, seeking to exploit socially responsible opportunities in the provision of Aged Care, find themselves dependent on government grants and a major set of regulations to be complied with. Indeed the question of sustainability in what is a growth market is a major issue facing the community.

The logic of engaging in innovative, proactive, risk taking and autonomy behaviours while also attempting to serve a social mission and satisfy multiple stakeholders, typically with severely limited resources, are not always clear cut. Given the significance of such behaviour in determining how innovative NPOs serve their social missions and stakeholder interests, the boards of directors would seem an especially important focus in fostering, or constraining, entrepreneurship/innovation within Aged Care organizations (Fig. 3.6). Yet the roles and behaviours of boards of directors in guiding and controlling NPOs is not well documented in the literature compared with the performance of boards in the for-profit organisations.

![Diagram](image.png)

**Figure 3.6. Conceptual model of board–EO–performance linkages (Coombs et al, 2011, p835)**

### a. Social mission

Coombs, Morris, Allen and Webb (2011) test a number of hypotheses concerning the relationship between the board’s behavioural orientation, the NPOs’ entrepreneurial orientation, and both social and financial performance. According to Judge and Zeithaml, (1992) and O’Regan and Oster, (2005), boards of directors contribute a relatively more active and instrumental role in guiding and controlling NPOs than what is common in for-profit firms – “NPO boards help signal compliance with stakeholder interests, communicate with the public, and establish trust-based relationships that can generate additional resources” (Klausner and Small, 2005: 48). Additionally, the board maintains the integrity of the organization’s social mission (O’Regan and Oster, 2005), while working to discourage
managerial opportun-ism and protect stakeholder interests (Abzug and Galaskiewicz, 2001). “Studies have demonstrated that the NPO board can significantly impact organizational performance, while also having a direct influence on the behaviours of managers and employees within these organizations” (Herman and Renz, 2004, p701).

**Strategic Resource**

In consideration of the board as a strategic resource and its role in effectively managing other organizational resources, Coombs et al. (2011) identify an entrepreneurial orientation (innovative, risk-taking, and proactive behaviours) as playing a meaningful role in effectively managing organizational resources in facilitating recognition and exploitation of opportunities.

Coombs et al (2011) believe such behavioural orientations can explain board impact on organizational outcomes where

the board’s true value remains its unique ability to perceive the need for change and innovation, drive the strategic direction and govern implementation towards such change, and continue creating resource bundles that maintain competitive advantages for the NPO. The board’s behavioural orientations can facilitate this ability (p850).

By way of example Pearce and Zahra, (1992) argue that as board members of NPOs’ are usually from outside the organisation they may be able to more effectively monitor strategic decision making, environmental developments and organisational adaptation with objectivity and detachment and hence take advantage of opportunities. Coombs et al. (2010) conclude that NPOs demonstrate significantly less entrepreneurial behaviour when governed by a passive board.

**Board activism and cohesiveness**

Coombs et al. (2011) link NPO entrepreneurial orientation to board activism and accountability. Accountability has become a major issue in the nonprofit sector. Holland (2002), identified six sets of practices that foster NPO board accountability:

setting clear expectations and standards for the group and for its members; actively using policies regarding conflicts of interests;, identifying and staying focused on priorities; maintaining strong two-way communications directly
with constituency groups; conducting assessments of meetings and board performance; and experimenting intentionally with new approaches to their work (p 409).

Such behaviour can be described as encouraging the non-profit entity to be active in constructing its environment (versus being controlled by its environment) through innovative, risk-taking, proactive behaviours. Coombs et al. (2011) found a positive link to EO with measures of board cohesiveness and where cohesive groups exhibit higher task participation and improved performance (Podsakoff et al., 1997). A similar positive relationship emerges between non-profit performance and boards that are actively involved in formal, strategic and intentionally planned change (Bradshaw et al., 1992; Brown, 2005).

c. Performance

Coombs et al. (2011) confirm the significance of the link between EO and social performance. It was concluded “that leaders of the non-profit consistently evaluate various board orientations and the impact of certain variables on those orientations, and adjust behavioural orientation levels when necessary in order to achieve higher degrees of EO”. Importantly much of non-profit performance is based on accomplishment of social mission and creation of social value (Dees et al., 2001).

In terms of financial performance Coombs et al. (2011, p 835) hypothesized “The entrepreneurial orientation of the non-profit organization will be positively associated with its financial performance”. However the findings for financial performance ran counter to the hypothesized relationship and to previous findings in the for-profit context (Lumpkin and Dess, 1996). While unexpected, Coombs et al. (2011) agreed with Dees et al. (2001) much of non-profit performance is based on accomplishment of social mission and creation of social value making it difficult to assess the effects of EO on performance using only financial measures.

Yet the non-profit literature positions the board of directors as critical to operational and financial performance (Austin, 1998; Herman and Renz, 2004). Coombs et al. (2011, p850) conclude “because an NPO’s core focus is on the accomplishment of its social mission, EO may be considered more important for its ability to impact social performance. As such, risky, proactive, innovative behaviours will concentrate primarily on enhancing social benefits or
outcomes. This positive link between social performance and entrepreneurship is consistent with existing limited work examining the non-profit context (Mair and Marti, 2005; Morris et al., 2007; Sullivan-Mort et al., 2003). Financial performance remains a means to accomplishing the socially-oriented end”

From the above results Coombs et al.(2011) suggest the board’s true value remains its unique ability to perceive the need for change and innovation, drive the strategic direction and govern implementation towards such change, and continue creating resource bundles that maintain competitive advantages for the NPO. “The board’s behavioural orientations can facilitate this ability” (Ibid: 850).

3.3.2 Relevant Theories in an Aged Care Social Context

In choosing the range of theories to review, a selection is made on the basis of their relevance to consideration of governance practices, management practices in aged care facilities, and delivering sustainable and valued services to an aged resident community.

a. Complexity theory

- Emergence of order creation

Governance and management of an aged care facility requires a multi discipline integration of government policies and regulations, financial resource acquisition and viability, specific human resource recruitment, medical and care requirements and resident expectations all within a sustainable organisation. Within such an organisation the advent of change is not static and adaption to this change is unlikely to be linear and mechanistic (Besanko, Dranove and Shanley, 2000). The application of complexity theory to this advent of change has been used extensively in the field of strategic management and organizational studies and is reviewed here to consider its relevance to understanding the process of entrepreneurship and innovation in aged care organisations adapting to their environments. The theory treats organizations and firms as collections of strategies and structures or ‘agents’ for example, entrepreneurs, organisations, customers, suppliers and website visitors.

Davison (2012) identifies such a network of agents as interacting and behaving according to a set of algorithmic rules over a defined period of time and suggests these can progress into a
long-run structural order. In conformity with the concept of ‘order creation’. Davison (2012, p6) states such order requires no design or overarching system-level rules and the system is said to be “self-organising”. Perhaps most significantly for social entrepreneurship research, these concepts are well suited to modeling disequilibria dynamics using complexity theory (McKelvey, 2004) and often defined as consisting of a small number of relatively simple and partially connected structures – they are more likely to adapt to their environment and, thus, survive and result in ‘order creation’. Together with other organisational scientists (Contractor, 1999, Fuller et al., 2008, Lichtenstein et al., 2006), McKelvey seeks to describe this as a post-positivist basis for the study of entrepreneurship based on an essentially realist epistemology (Bhaskar, 1978, Outhwaite, 1987, Sayer, 1992).

Davison (2012) comments that despite the limitations on observability and predictability imposed by the immeasurability of the vast complexity of the circumstances, “a meaningful epistemological basis exists for cautiously accepting scientific models of social processes (p6) In this view, social scientific understanding can, and does, progress and hence the complexity-theoretic concept of emergent structure at a macro-level provides an empirical basis for criticizing and ultimately improving these models (Miller and Tsang, 2011)”. Such theorising may provide a valuable insight into the complex social environment of aged care.

McKelvey, (2004, p 314) contrasts the above with the early development of complexity science: “Complexity scientists study nonlinear outcomes resulting from (1) rapid phase transitions caused by adaptive tensions and (2) coevolutionary (positive feedback) processes set in motion by seemingly inconsequential instigating events”. Davison (2012, p7) concludes “such an ontologically complete model of entrepreneurship would be multidimensional – incorporating a range of cognitive variables, types of environmental disruption and information flow variables. These dimensions would be related in a variety of reflexive, positive and interdependent ways. In the language of non-linear dynamics, the equilibrium is an “attractor” of the system”.

In modelling such a system, Davison (2012, p3) describes such agent-based models as comprising the following steps:

1. Identification of key agents within entrepreneurial environments;
2. Identification of possible causal mechanisms emerging from prior theory, experiment and qualitative studies. These may be a combination of entrepreneurial behaviours and goals, as well as environmental conditions and events;

3. Coding of these mechanisms as algorithmic agent and environmental rule;

4. Running of simulations to calibrate mechanisms and agent structure;

5. Longitudinal data collection on the structure of entrepreneurial relationships germane to the coded constructs of the model;

6. Identification of emergent structure in the simulated models and development of statistical measures to recognise its presence in the longitudinal data;

7. Determination of mechanisms providing the greatest statistical correspondence to accumulated data;

8. Repetition and redefinition.

Schumpeter called this evolutionary process “creative destruction,” and this critical effect is called a phase transition in the creation of new economic order. Fuller, Warren and Argyle, (2007) suggest these parallel processes will facilitate an organisation sustaining and developing enterprises including the self, the business and inter-firm networks. It is argued by McKelvey, (2004 , p319) “since creation of new economic order in the form of new firms is what entrepreneurs do, complexity science makes much more sense as the preferred kind of science for entrepreneurial research.” This new method, which McKelvy (2004, p314) calls heterogeneous, agent-based computational modelling ,“is cast as a theoretical synthesis of insights arising from developments in evolutionary biology, postmodernist organisational “connectionism”, Mohr's process theory (Mohr, 1982), and the American (Brown and Eisenhardt, 1998, Kauffman, 1993, Lewin, 1999) and European (Cramer, 1993, Haken, 1983, Prigogine, 1997) approaches to complexity science and the concept of emergence of order”.

McKelvey further harmonises the approach with Von Bertalanffy's system-theoretical concepts of equifinality and multifinality (von Bertalanffy, 1968)

Fuller et al. (2007) identifies the value of emergence of order and McKelvey (2004) suggests order creation as the central focus in complexity theory which in turn leads to the study of order-creation dynamics. In developing the concept of emergence McKelvey (2004) recognizes two schools of thought: the European school based on Prigogine’s (1955) work on the emergence of dissipative structures (new kinds of order) emphasizes phase transition effects, instigated by externally imposing energy differentials, as the cause of order creation.
An American school, centered on the Santa Fe Institute Studies in the Sciences of Complexity (Lewin 1999), emerges from chaos theory (Gleick 1987). In this view, order creation results from nonlinear dynamics set in motion by coevolutionary interaction among heterogeneous agents. “The coevolutionary process is, in turn, started by small instigating events not unlike the fabled butterfly effect in chaos theory.” (McKelvey, 2004, p315)

Emergence of order is central to developing entrepreneurship, innovation and business growth and not about equilibrium (Fuller & Moran 2000, 2001; Lichtenstein 2000). McKelvey (2004, p329) asserts “entrepreneurship, dating all the way back to Schumpeter (1942), is about phase transition (his “creative destruction,” what I term order creation), evolutionary theory is essentially irrelevant.”

Of relevance to considering the complex environment in aged care and development, Fuller et al. (2004), using the concept of complexity, identified four processes associated with emergence or order creation: experiments; reflexivity; organizing; and sensitivity (EROS). Each process is distinctive from each other but also inter-related. The development of trial experiments associated with ‘new creation of initiatives’ was found to be strongly associated with the vision attached to their inception, (and vice versa). Similarly motivation to change and interpretation of environmental signals are informed by the power of existing organising domains and self-identity (Fuller et al., 2004). As such the EROS model (Fuller et al, 2004), reveals processes of the emergence of novelty, which is at the heart of entrepreneurship: evolving entrepreneurial and organisational identities, new management structures and organisational forms, and a new corporate venture. EROS is linked to managerial competence in relation to the sustainability of the firm, and as such can provide the basis for recommendations for management practice, that is, guidance on practices that generate and exploit novelty in organisations (p12).

This model, using complexity theory, has enabled Fuller et al. (2004) to use an entrepreneurial mechanism to suggest improvements to management competence by an entrepreneur in the organisation. In addition, understanding the way that entrepreneurs can translate their relationship with the environment into a sustainable organisational performance links the role of the stakeholder in considering how strategy emerges in uncertain and unpredictable environment. Such agent-based models are afforded increasing realism by involving entrepreneurs both in the validation of the rules, and scenario testing of predicted outcomes.
Simulation is also a particularly useful method for research (Rudolph and Repenning, 2002; Lenox, Rockart, and Lewin, 2006) when the focal phenomenon is nonlinear. Davis, Eisenhardt and Bingham (2009) comment “though statistical and inductive methods may indicate the presence of nonlinearities, they offer less precise identification, particularly of complex ones such as tipping points and skews” (p 5).

Brown and Eisenhardt (1997) noted high-tech firms, with a moderate number of simple rules (i.e., semi-structure), more quickly created high-quality, innovative products compared to firms with more or fewer rules. They theorised that performance in such firms has an inverted-U shaped relationship with the amount of structure and as environmental dynamism increases, the optimal amount of structure decreases. Similarly, the fleeting nature of opportunities complicates the structure-flexibility relationship as opportunities actually have limited time windows in which they are viable (D'Aveni, 1994). To develop a simulation of the above theory Davis et al. (2009) assumed the firm used a combination of rule-based and improvised actions within the structure and that improvised actions require more attention than rule-based ones because they involve real-time sense making (Weick, 1993).

Using stochastic process modelling to study the structure-performance relationship the simulation could be custom designed (Davis, Eisenhardt, and Bingham, 2007). “Complexity was operationalized as the number of features of an opportunity that must be correctly executed to capture that opportunity. Complexity increases the difficulty of capturing opportunities because organizations have less latitude for errors when there are numerous, relevant contingencies” (Ibid: 19). Like computational complexity, complexity can be conceptualized as the minimum number of correct steps that are needed to execute a plan. “Complexity is an integer indicating the number of actions that must be correct in order to execute an opportunity successfully. Because each opportunity has 10 features, complexity ranges from 0 to 10” (Davis et al. 2009 19). Ambiguity is defined as lack of clarity such that it is difficult to interpret or distinguish opportunities with the actual features of an opportunity being represented by a 10-element bit string (i.e., vector) of 1s and 0s—e.g., 0100100110.

The simulation runs show that structure and performance do not have an inverted-U relationship, as argued previously by (Brown and Eisenhardt, 1997; Gibson and Birkinshaw, 2004; Rothaermel, Hitt, and Jobe, 2006). “Rather, efficiency and flexibility are distinct functions that change increasingly slowly when structure is high. In contrast, efficiency and
especially flexibility are changing more rapidly when structure is low, creating a more acute trade-off between efficiency and flexibility” (Davis et al. 2009, p34).

Davis et al. (2009) identify less structure enables the flexible capture of serendipitous opportunities. But with too much improvisation, the organization runs the risk of incoherence, confusion, and drift. With too much structure, however, the organization runs the risk of stagnation and misalignment with fresh opportunities.

Davis et al. (2009 p 39), conclude that “for entrepreneurial organizations that typically have little structure, the challenge in any environment is the same: to gain enough structure before failure ensues. In contrast, for established organizations those often have extensive structure, such as roles, rules, and linkages among units, the imperative vary in different environments”.

A further challenge identified by Davis et al. (2009: 49) is need for a mindset that “vigilantly manages the amount of structure (not just its content), improvising to capture fresh opportunities, and quickly rebounding from mistakes - all at the edge of chaos”.

A further argument is that achieving high performance with moderate structure is influenced by the changing nature of environmental opportunities (Adler, Goldoftas, and Levine, 1999, Rindova and Kotha, 2001). Highly dynamic environments require flexibility to cope with a flow of opportunities that typically is faster, more complex, more ambiguous, and less predictable than in less dynamic environments. Research shows that high-performing organizations cope with dynamic environments with less structure (Eisenhardt and Martin, 2000; Rowley, Behrens, and Krackhardt, 2000). Conversely, less dynamic environments favor efficiency, and so high performing organizations have more structure in these environments (Pisano, 1994; Rivkin and Siggelkow, 2003). Overall, this suggests that the optimal amount of structure decreases with increasing environmental dynamism, a consistent finding within multiple literatures.

- Social entrepreneurship context

Goldstein, Hazy and Silberstang, (2008) claim there is a noticeable lack of a conceptual/theoretical framework for understanding the dynamics of social entrepreneurship outside economic frameworks depicting it as a key builder of social capital (Beinhocker,
On the other hand Zohar and Marshall (2004) advance the concept of developing ‘spiritual capital’ as a framework to understanding social capital and social entrepreneurship. Understanding this process of ‘complex adaptive systems’ recognises the fact that all life is about change and adaptation and emerges through self-organisation and creatively exploring opportunities within the future possibilities. Such complex systems can be unstable -even conjuring the likelihood of thriving ‘at the edge of chaos’ (Zohar et al, 2004, p79). The principles that a complex adaptive system uses to find its new state are the same as those associated with a holistic state. Zohar et al., (2004) identify 12 such principles: self-awareness; spontaneity; vision and value led, holistic; having compassion; celebration of diversity; field-independence; asking ‘why’; reframing; positive use of adversity; humility; and having a sense of vocation. A close relationship is obvious to the environment of an aged care organisation. Gillin (2006, p179) observes “when complex adaptive systems are presented with a crisis, they are drawn to the edge of chaos—a point between order and disorder (this is, in fact, what occurs when change presents). The elements of the system are just ordered enough to be in a number of semi-stable states. These are easily upset by the smallest perturbation. When this happens, the system searches in every direction for new attractors to settle into—creating new order and new information in the process.”

In particular, complexity ideas are evident during all aspects of social entrepreneurial programs, from establishing rich social networks, through the dynamical systems by which they operate, all the way to the emergence of dramatic social and community innovations.

Goldstein et al., (2008, p10) in their extensive review of social entrepreneurial literature conclude that “complexity dynamics were written all over the social systems dynamics complexity ideas are evident during all aspects of social entrepreneurial programs, from establishing rich social networks, through the dynamical systems by which the operate, all the way to the emergence of dramatic social and community innovations.”. However Goldstein et al., (2008, p10) strongly questions “the presumption of the chief driver in the success of entrepreneurial programs is the special ‘heroic’ attributes of the founders as this “stands in opposition to a complex systems framing of the process wherein it is the nonlinear interdependencies inherent in the system that are crucial and not any single actor”.

A complexity interpretation of social entrepreneurship shifts the conceptual focus to such questions as to what kind of networks is useful for what kinds of activities and
accomplishments. A social network is composed of persons linked together in some fashion and facilitates the development of network independent learning. This complex systems concept is critical to the identification and application of effective opportunities through innovation within a social connectivity framework. This latter perspective “posits that learning is a nonlinear multi-level emergent property of the collective that occurs as individuals interact with others and with their environment in a group or networked setting” (Goldstein et al. 2008, p14).

Another factor related to complex dynamics identified by Goldstein et al., (2008, p14), is that social value created as shared information is channeled to enhance capabilities and mobilize resources. “This information is path-dependent, another complexity notion; that is, it is based on the history and the direction of the information flow, the number of nodes, and the frequency and amount of information.”

An important observation is that social entrepreneurial programs actually prompt innovation. In this context, the complexity construct is particularly pertinent to innovation - emergence, which is associated with the arising of novel patterns, novel structures, and novel properties in complex systems (Goldstein, 1999, 2006, 2007). Such emergence “enables social entrepreneurial projects to be added to the same set of characteristics typifying such emerging phenomena, namely, radical novelty, collectivity, unpredictability, and irreducibility to antecedent and lower level components” (Goldstein et al., 2008, p21). An important observation of emergent innovation associated with social entrepreneurial ventures is the combining existing order in new ways to gain an emergent outcome.

b. Stakeholder salience theory

Recognition of stakeholders within aged care is a critical dimension in both board governance and resident focus to achieve effective organisational performance and satisfaction of needs amongst the residents. Stakeholders are defined as: “Any identifiable group or individual who can affect the achievement of an organisation’s objectives, or who is affected by the achievement of an organisation’s objectives” (Freeman and Reed, 1983, p91). This concept of responsibility to stakeholders is at the core of stakeholder theory and corporate social responsibility (Freeman and Reed, 1983; Goodpaster, 1991; Donaldson and Preston, 1995).
Mason, Kirkbride and Bryde, (2007, p288) review criticism of the application of the stakeholder approach to corporations and conclude “the influence of this debate upon non-profit and social enterprise governance is diminished by the absence of one of the key factors in the mainstream corporate governance literature and practice, the shareholder (Alexander and Weiner, 1998; Low, 2006)”.

In regard to the NPO, Mason et al. (2007, p288) emphasise that because the focused delivery of a needs based service is aligned to the structure and goals of the organisation “the governance structures should facilitate managing the claims of the stakeholders they serve”. Such delivery of social benefit requires the rationale underpinning these organisations must be ethical. “Social enterprises exist to maximise positive social impact and ethical practice enables this” (Mason et al. 2007, p288).

Another important dimension of stakeholder theory is the need for stakeholders to communicate with the board of directors (Brown, 2002), and managers need to be given the scope to pursue stakeholders’ interests most effectively through professionalisation (of staff and management) and monitoring such developments (Borzaga and Solari, 2001; Bryson et al., 2001). Accountability for actions by either party is fundamental.

In terms of strategic implications, stakeholder representation on the board provides that valuable input to decision making that attunes performance with meeting the needs based goals of the social enterprise (Owen, 2000; Owen et al., 2001). Mason et al. (2007) comments, “In allowing stakeholders direct involvement in operations, the social enterprise adopts and perpetuates a culture that is aligned with the needs of that group. The recognition and inclusion of stakeholders into the social enterprise reflects the democratic and ethical tenets upon which they are founded” (p 289).

In summary the stakeholder concept does allow for governance that promotes diversity at board level and integrates a variety of claims into strategic planning. However, stewardship theory may be more appropriate in accommodating the evolving characteristics of social enterprise (Dees, 1998; Dart, 2004; Low, 2006).
c. Stewardship theory

Stewardship theory explains situations in which the leadership within organizations serves the organizational good and its mission rather than pursuing self-serving, opportunistic ends (Davis, Schoorman, & Donaldson, 1997). Within aged care facilities, stewardship is to ‘hold in trust’ the responsibility and practice for serving the needs of the residents. In respect of family owners’ and managers’ stewardship stems from their socio-emotional attachment to the business, which can be very high since the company can serve to satisfy needs for security, social contribution, belonging, and family standing (Ashforth and Mael 1989; Gomez-Mejia et al. 2007; Lansberg 1999). Such characteristics have much in common with not-for-profits and in particular aged care organisations.

Stewardship theory is a theory that organizational managers and directors, left on their own, will indeed act as responsible stewards of the assets available to deliver the mission of the organisation. Donaldson and Davis (1991 & 1993) developed a new perspective to understand the existing relationships between ownership (directors) and management of the organisation. For stewardship theory, managers seek other ends besides financial ones. These include a sense of worth, altruism, a good reputation, a job well done, a feeling of satisfaction and a sense of purpose. The stewardship theory in not-for-profits holds that managers inherently seek to do a good job, optimize organisation financial performance and bring good benefits to stakeholders. They do not necessarily do this for their own financial interest, but because they feel a strong duty to the values of the organisation. This theory arises as an important counterweight to Agency Theory which in for-profit ventures argues that shareholder interests require protection by separation of incumbency of roles of board chair and CEO. Stewardship theory argues shareholder (stakeholder) interests are maximised by shared incumbency of these roles.

Though this theory addresses some of the reductionist assumptions of Agency Theory, it may suffer from being static as it considers the traditional relationship of principal agent at a single point in time and assumes no learning of individuals as a result of their interactions (Barney and Hesterly, 2008). Agency theory begins from self-interested behavior and rests on dealing with the cost inherent in separating ownership from control. Managers are assumed to work to improve their own position while the board seeks to control managers and hence, close the gap between the two structures. Pérez-Lopez (1991 & 1993) introduces a dynamic into the
relationships by proposing that learning occurs within each agent every time they interact. It is argued that individuals learn in the process of interaction and can change their preferences; not necessarily feel betrayed and frustrated. Stewardship theory holds that individuals in management positions do not primarily consider themselves as isolated individuals. Instead, they consider themselves part of the organisation. Managers, according to stewardship theory, merge their ego and sense of worth with the reputation of the not-for-profit. (Pastoriza & Ariño, 2008).

Although there is little research on stewardship theory in aged care organisations it is relevant to evaluate the findings from such studies on family business direction and management. Davis, Allen and Hayes (2010) identify stewardship theory “as applicable to family business because the leadership of the family business (whether family or nonfamily members) can act independently of the family that owns organizational wealth. A good steward in a family business is a decision maker who is a caretaker of a family’s assets, who desires to pass a healthier and stronger business to future generations” (p 254).

Such comments could be applied to decision makers in the not-for-profit aged care industry whose “decision makers” seek to develop strong, quality and sustainable services for all stakeholders. It is also noted that current and future family members, as well as nonfamily employees, benefit when the family member(s) in charge of the family business are motivated by the success of the organization (collective) rather than enriching themselves at the expense of the business and its stakeholders (Eddleston & Kellermanns, 2007).

Stewardship theory (Davis et al., 1997) has as its central premise that business leaders can be altruistically motivated to enhance the business rather than themselves. Eddleston, Chrisman, Steier and Chua (2010) see trust as an organizing principle for family firms. Eddleston et al. (2010) comment

Trust refers to an individual's willingness to be vulnerable to another party and the expectation that an exchange partner will not behave opportunistically even when such behavior cannot be detected (Mayer, Davis, & Schoorman, 1995) and the interplay between trust and governance merits further exploration (p 1044).

Strong family bonds are characterized as being based on trust and family firms are usually depicted as relying on mutual trust in their governance (Corbetta & Salvato, 2004; Steier, 2001a). Eddleston et al (2010) consider
the concept of trust may capture the basis for some of the inherent strengths, weaknesses, and behaviors of family firms and help explain how they differ from nonfamily firms and from one another. For example, trust can mean an expectation that individuals will not pursue self-interest in an opportunistic fashion, will act as stewards and align their interests with those of the organization, or will altruistically place the interests of others ahead of or equal to their own. These expectations can exist simultaneously among different members of the family and firm (p 1045).

Trust serves as a lens for interpreting behavior and as a basis for a person's decisions regarding whether and how to interact with others (Dirks & Ferrin, 2001).

Davis et al. (2010, p1108) test the assumptions of stewardship theory that “value commitment, trust, and agency were associated with perceived stewardship in family business leadership across both family and nonfamily employees”. Indeed it was found that value commitment; “is strongly associated with perceptions of stewardship. Family member employees were significantly more value committed than nonfamily business employees. Value committed employees share the values of the organization and agree with the core mission and purpose of the organization; they identify with the organization.

In relation to trust, measured as the employee’s willingness to be vulnerable to the leadership of the family business, “trust plays a significant role in employees’ perceptions of leader stewardship regardless of employee type as was expected. It appears that employees in family firms who are willing to be vulnerable to the leadership of the organization in terms of influence, control, and vision also perceive stewardship in the behavior and attitudes of the leader” (Davis et al. 2010, p1109).

Apparently family employees trust the leadership of the organization significantly more than nonfamily employees. In addition, Davis et al., (2010, p1110) “demonstrated that agency and self-serving behaviors are negatively associated with perceived stewardship. Self-serving family members are not good stewards to either family or nonfamily employees”. Further “it appears that stewardship is a “secret sauce” for family businesses, a source of competitive advantage”.

Eddelston et al., (2010, p1048) comment “When employees trust their leaders they focus greater attention on value-producing activities and display greater organizational citizenship
behaviours” (Mayer & Gavin, 2005). Pearson and Marler's (2010) commentary extends Davis et al.'s (2010) article by explaining the importance of reciprocal stewardship behavior and by exploring how stewardship can become engrained in an organization. Leader-Member Exchange (LMX) theory describes how leaders develop reciprocal exchange relationships with their followers Pearson et al. (2010) propose that family social capital can be used to foster a stewardship culture in using family firms and argue that family firm leaders who create more high-quality exchange relationships with both family and nonfamily employees are best able to create a reciprocal stewardship culture.

Associated with the development of stewardship theory in not-for-profits is the awareness that trust and governance evolve over time with trust enhancing the effect of governance mechanism on performance, particularly in ambiguous situations (Puranam & Vanneste, 2009). Being able to capitalize on trust and signal the use of monitoring and other governance mechanisms may be especially important to publicly traded family firms. As a family business grows and becomes more complex, it is increasingly important to produce confidence in the firm's governance system among stakeholders. Combs, Penney, Crook, and Short (2010) make a similar point on the importance of trust as a governance mechanism and discuss how large family firms balance trust and governance. Gedajlovic and Carney, (2010,), reason that the governance characteristics of family firms provide “relative advantages in developing, sustaining, and appropriating value from bridging forms of social capital” (p 1154).

Such governance characteristics of family firms also afford them the incentive and means to develop and sustain reputational assets. Reputation, firm identity, and public image resulting from unique personal qualities of a family or its founders and may be highly particular to that firm (Landes, 2006: Miller & Le Breton-Miller, 2005). In this respect, families can establish distinct reputations through a capacity to inject a human touch into their relationships with customers (Lyman, 1991) and their employees (Westwood, 1997). Similarly the board of not-for-profit social organisation can establish distinct reputations through a capacity to inject a human touch into their relationships with residents or clients of the service organisation.

If a firm (organisation) adopts a stewardship mode of governance, certain policies naturally follow. Firms will spell out in detail the roles and expectations of managers. These expectations will be highly goal-oriented and designed to evoke the manager's sense of ability
and worth. Stewardship theory advocates managers who are free to pursue their own goals (Eddelston et al., 2010), (Low, 2006) and summarized by Mason et al. (2007, p290), “at the management level there is support for the stewardship approach, where the manager/entrepreneur are also members of the defined community that the enterprise serves. Therefore, managerial decision-making should closely align with the required needs of that community. The success in prioritising, safeguarding and balancing interests is increased. This is because the manager has an empathy and clear focus on the recipients of social benefit”.

The consequences of stewardship theory revolve around the sense that the individualistic agency theory is overdrawn. Trust, all other things being equal, is justified between managers and board members. In situations where the CEO is not the chairman of the board, the board can rest assured that a long-term CEO will seek primarily to be a good manager, not a rich man. Alternatively, having a CEO who is also chairman is not a problem, since there is no good reason that he will use that position to enrich himself at the expense of the firm. Put differently, stewardship theory holds that managers do want to be richly rewarded for their efforts, but that no manager wants this to be at the expense of the firm.

d. Agency theory

Agency theory seeks to explain the relationship between principals, such as shareholders, and agents, such as a company’s executives and particularly in for profit organisations. In this relationship one party, the principal, delegates responsibility for a specific set of actions to another party, the agent (Jenson and Smith, 1985). The literature often hands the role of the principal to the board of directors, which contracts a manager to run the organization in the interest of the shareholders (or, in the case of a nonprofit organization, in the interest of the stakeholders) (Caers, Du Bois, Jegers, De Gieter, Schepers, and Pepermans, 2006) . The theory attempts to deal with two specific problems: first, that the goals of the principal and agent are not in conflict (agency problem), and second, that the principal and agent reconcile different tolerances for risk. Importantly for this thesis the review will primarily focus on applications of agency theory to not-for-profits and family business.
3.3.3 Not-for-profits and governance

In a not-for-profit organization, there are no residual claims to be paid out and no owners expecting to earn a profit (Olson, 2000) suggesting that any conceivable agency relationship between owners and managers is clouded and “without residual claims or stock, there is no need for management to worry about the organization being bought or sold in the marketplace” (Olsen, 2000, p283). However in the place of owners/shareholders there are the donors/stakeholders of the organisation. As contributors they expect something good will result such as the elderly being cared for, a cleaner environment, or provision of social benefits to the community. Although the donors/stakeholders do not expect a financial return on their investment they do expect a return in added value to the mission of the organisation.

3.3.4 Entrepreneur – Venture Capital relationship

Although the function of a not-for-profit board is similar to for profits, there are some differences that are a result of the absence of residual claims. For example, “in for profits, the threat of outside takeover provides the discipline to allow insiders to play a significant role on the board. Without this threat and to prevent collusion or expropriation of funds, not-for-profit boards should be dominated by outsiders” (Olson, 2000: 283).

In terms of the entrepreneur –venture capitalist relationship Agency theory has emerged as the dominant theory (Arthurs and Busenitz, 2003, Barney et al., 1989; Amit et al., 1990; Sapienza & Gupta, 1994; Sahlman, 1990). This principal-agent relationship arises when the entrepreneur engages a VC for funding of a new venture (Amit et al., 1990; Sahlman, 1990) and may be similar to an aged care entrepreneur/CEO approaching the Federal Government for both a license and financial resources. According to agency theory, an agency problem can arise between the entrepreneur (agent) and VC (principal) as a result of different interests and attitudes toward risk, leading to divergent decision-making preferences (Eisenhardt, 1989; Bruton et al., 1997). This is compounded by the fact that the VC (principal) cannot create a contract that specifies how the entrepreneur (agent) should behave under all circumstances, making it impossible to ensure that the entrepreneur makes decisions in the VC’s best interests (Alchian & Woodward, 1988).

Evaluating this goal congruence/noncongruence and perceived congruence/noncongruence
between the VC and Entrepreneur, Arthurs et al. (2003, p148) finds “that the agency problem is not uniform throughout the life of a venture. As a result, agency theory is likely to vary in its usefulness in explaining the VC and entrepreneur behaviours”. Such a finding of non-uniformity is highly relevant for growth of not-for-profits and social service enterprises. Arthurs (2003, p153) concludes “agency theory logic does not recognize that those involved with an entrepreneurial venture are almost always primarily concerned with its upside potential. In sum, it has been argued that an entrepreneur will rarely act like an agent described by agency theory. The venture’s success is uncertain and so the entrepreneur is highly unlikely to pursue a short-term (and much lower) gain at the expense of the venture’s long term success”.

Importantly for this thesis, Arthurs et al. (2003) considers agency theory and stewardship theory focuses on goal alignment between the principal (VC) and the steward (entrepreneur). “Since stewardship theory assumes that the goals of the principal and steward are aligned, it would seem that this theory could further inform our understanding of the VC-E relationship. However, the literature indicates that stewardship theory is inadequate to explain most of the VC-E relationship because it implicitly assumes the subordination of the steward’s (entrepreneur’s) goals” (Arthurs et al. 2003, p146).

On the other hand “the focus of agency theory on protection against down-side risk, in our opinion, helps clarify in an overall sense why it so often fails to capture phenomena in the VC-E relationship. Entrepreneurship is almost always about the pursuit of upside potential and much less about downside protection. The upside potential specified by agency theory is limited because an agent (entrepreneur) is supposed to have little concern for the long-term success and direction of the venture unless properly motivated by the principal” (Arthurs et al. 2003, p153). “After all, goal alignment between the two is a logical assumption after the VC has decided to invest in the new venture. With its roots in sociology and psychology, stewardship theory characterizes human beings as having higher-order needs for self-esteem, self-actualization, growth, achievement and affiliation. This is in contrast to agency theory’s characterization of human beings as opportunistic, inherently untrustworthy, and focused on a narrow pursuit of financial gains” (Arthurs et al. 2003, p153).
3.3.5 Agency and governance in strategic entrepreneurship

In its simplest form, agency theory focuses on the internal incentives between the owners of the firm's assets (principals) and the managers (agents) hired to run it (Audretsh 2009). Thus, the agency problem--and the costs associated with it--lies in the misalignment between the interests of the asset owners and the hired managers. To solve the problem, the principal searches for a perfect contract to align the managers' interests to one’s own (see Fiegener, Brown, Dreux, & Dennis, 2000). Theoretically, the efficient way to resolve the agency problem is to optimize not just the compensation contract between principal and agent, but also optimize the agent's equity ownership. In particular, because the future value of the firm's assets is not contractible, having the agent own a portion of the firm's assets can provide incentives for maximizing the firm's performance in a way that cannot be replicated via contract. Thus, the agent's ownership of firm equity not only helps solve the incentive problem, it also influences the strategic decisions made by the agent to the benefit of the firm.

The literature also suggests the empirical findings of top manager ownership, particularly those studies grounded in agency theory, are remarkably inconsistent (Daily & Dalton, 1993; Daily, Dalton, & Rajagopalan, 2003; Dalton, Daily, Certo, & Roengpita, 2003; Himmelberg et al., 1999). This is most likely because strategic decisions are based on expected returns in the future. In agency theory, both the decision of which strategy to pursue and the incentive to implement this strategy derive from the prospect of being paid out of the firm's future returns. While an agent's ownership of assets suggests that both the strategic decision and their incentives are interdependent (see Gibbons, 2004, Krakel, 2004), the uncertainty associated with these future returns--along with other factors--leads to the problem of incomplete contracts between principal and agent.

Incomplete contracts lead to an additional problem. In their seminal papers, Grossman and Hart (1986) and Hart and Moore (1990) develop a property-rights framework for examining how changes in the distribution of asset ownership affects the incentives of the individuals who work with those tangible and physical assets. They highlight the central role of nonhuman (e.g., physical) assets because these can be owned and more readily traded compared with human assets (or human capital). Brynjolfsson (1994) extended the Grossman-Hart-Moore framework by including productive knowledge and information as an intangible asset that affects agents' marginal product when they have access to it.
Revealed in the discussion of agency theory is a natural tension in the effect of equity ownership: on the one hand, granting agents’ ownership of the firm's resources—and thus residual claims on future returns—aligns their interests with those of the principals and maximizes the profit incentives for both parties. On the other hand, according to the Grossman-Hart-Moore framework, granting agents’ ownership also implies that principals lose authority and control over their hired managers (Mahoney, 2005). Thus, while ex-ante (i.e., hiring) negotiations presumably result in an initial distribution of equity ownership that optimizes each party's profit incentives, repeated ex-post bargaining results in "adjustments" to the ownership distribution as a function of whose bargaining position prevails. In other words, for the case of the agent, they can expect to receive compensation commensurate with the performance of the firm plus some adjustment to their equity position reflecting the value of the assets she owns.

Does this have relevance in a strategic entrepreneurship context? According to Ireland et al. (2003), for example, newer ventures relative to established firms tend to excel at opportunity-seeking behaviors, but tend to rely largely on the availability of resources external to the firm. As a result, the top manager of such a firm is expected to provide not only managerial expertise that emphasizes advantage-seeking behaviors, but also the capacity for acquiring external resources, including financial, human, and social capital (Ireland et al. 2003). This is especially true for knowledge-intensive (i.e., technology-based) ventures. The problem is that the growth and performance of knowledge-based ventures depends largely on intangible human and nonhuman assets. As a result, because the value of intangible assets is difficult to assess, one could argue that in this particular case, the logic of agency theory breaks down.

Indeed, as Mahoney (2005) contends, in the absence of dependence on nonhuman assets common with more traditional manufacturing firms, such as machinery or buildings, the question is what stops workers in a knowledge-intensive firm from quitting entirely (to act as a contractor) or leaving to form their own firms? According to agency theory (Mahoney), the answer lies in the value of the firm's other nonhuman and intangible assets, such as its reputation or explicit intellectual property (i.e., patents, trademarks, or copyrights). These intangible resources are more difficult to assess, especially in terms of future expected value, and thus tend to exacerbate the problem of optimizing the agent's ownership of the firm's assets.
3.4 Innovation processes verses quality & continuous improvement

This thesis is concerned with measures of social entrepreneurship activity amongst selected RACOs’ and seeks to assess to what degree social entrepreneurs and innovators pursue social opportunities over quality/continuous improvement and in conjunction with economic and regulation goals. From the literature reviewed above it appears that boards and executives using the principles to establish an entrepreneurial culture and a commitment to practice innovation intensity can achieve a successful mix of social goals and economic performance. For this study innovation is defined as: “the process that endows a recognized opportunity with the capacity to add-value to an already existent invention, product, process or service and at a “price” a customer will pay” (Gillin, 1995: 51).

Innovation does not surface in an organizational vacuum (Ireland et al 2006). Indeed 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 (Bartlett and Ghoshal, 1994), (O’Reilly and Tushman, 2004). Ireland et al (2006, p10) 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”.

Livingstone (2000) interprets (successful) innovation as meaning the process whereby ‘new ideas are transformed, through economic activity, into a sustainable value-creating outcome’. There are two key words in this interpretation which are worthy of emphasis: ‘process’: innovation is not just the idea—innovation is only achieved when the idea has been transferred into an outcome which has value. The second key word is ‘sustainable’. Sustainability requires good integration with those who assign value i.e. the customers, the market, and it implies rigour and continuous measurement. On a simpler statement Gurr (2001) refers to the 3M’s shorter definition as: An Idea—Applied—To Create Benefit.

Such innovation, in social entrepreneurship, is a process through which individuals/ leaders in an established aged care organisation pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources (Stevenson, 1983). Indeed the entrepreneurial opportunities that arise within the organisation give rise to innovative developments for effective new services or products within the aged care organisation and at a
‘price’ that provides a measureable increase in value to the residents and organisation including improved quality and sustainability.

- **Incremental and Radical innovation**


They comment “that much of the public policy effort in Australia appears to be overly focused on small-i innovation—that is synonymous in this interpretation with invention and is all, and only, about newness”. Figure 3.7 (Yencken and Gillin, 2002) illustrates this difference between small-i innovation and large-I innovation and shows the central importance of entrepreneurship as the engine of innovation (Drucker, 2002, p. 1).

- **Organisational Innovation**

Organizational innovation is encouraged through appropriate cultural norms and support systems (Sarros, Cooper and Santora, 2011). Ahmed (1998, p. 31) claims that “innovation
is the engine of change … [and] culture is a primary determinant of innovation.” Hindle defines in terms of the creation of an organisation “Entrepreneurship is the creation and management of a new organisation designed to pursue a unique, innovative opportunity and achieve rapid, profitable growth” (Hindle, 1999, p21). Such a definition limits full application to innovation and entrepreneurship within an organisation. Organizational innovation refers to the introduction of any new product, process or system into the organization (Suranyi-Unger, 1994) and “at a ‘price’ the customer will pay” (Timmons, Gillin et al, 2010).

With this concept, innovation is not synonymous with an invention or an ‘idea’. This definition views innovation as an outcome (Damapour, 1991, 1992; Damanpour and Evan, 1984), and the second as a process (Cooper and Zmud, 1990; Ettlie, 1980; Rogers, 1983). Sarros et al., (2011) examine innovation as an outcome of various antecedent organizational factors or determinants, namely transformational leadership and organizational culture: Jung et al. (2003) engaging employees’ personal value systems (Bass, 1985; Gardner and Avolio, 1998) by heightening levels of motivation toward higher levels of performance (Shamir et al., 1993); and encouraging employees to think creatively (Sosik et al., 1997). Such behaviour enhances effective and quality innovation.

Also leadership style within the board and senior management of the NPO is an important determinant of innovation (Dess and Picken, 2000). In particular, transformational leadership has been shown to support and promote innovation, which in turn ensures the long-term survival of an organization (Ancona and Caldwell, 1987). Zahra (1999, p 38) states that “participation in the emerging global economy requires – in fact, demands – innovation and entrepreneurial risk taking.”

In consideration of the transformational leadership dimension of vision and innovation, Strange and Mumford (2005, p 122) define vision as “a set of beliefs about how people should act, and interact, to make manifest some idealized future state”. This definition is strongly endorsed by Sarros et al., (2011, p301) who writes, “Through their influence on worker behavior and organizational creativity and innovation, transformational leaders become powerful agents of culture change (Antonakis and House, 2002; Deal and Kennedy, 1982; Kim et al., 2002; Trice and Beyer, 1993). Damanpour and Schneider (2006) assert that a leader with vision creates a culture of change that facilitates the adoption of innovation”.

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In relation to health care, Reinhard, et al; (2006) identified the issue of nurse delegation of medication administration as an opportunity to identify new mechanisms within the organisation structure and culture. They highlighted 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 aged in Finland (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”. These conditions and events are labeled as ‘triggers’.

Within a corporate social organisation such as a RACO, 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). From inside the organisation ‘triggers’ could result from management and resident recognition of opportunities, or as stated by Cutler, (2008 p13) “the pursuit of innovation involves change processes within a societal or community context. It is about promoting purposeful and meaningful change inside a complex system”. In considering innovation priorities, Cutler (2008, p112) includes “the need for cost-effective solutions for an ageing population”.

3.5 Summary

This chapter reviews the literature concerning entrepreneurship and innovation within a social construct that focuses on the pursuit of opportunities for enhancing the social good and which can lead to a sustainable social entrepreneurship culture within residential aged care.
organisations (RACO). Thus the review serves two purposes: an opportunity to identify the dimensions and theory relating to academic research into not-for-profit structures and social entrepreneurship; and to provide a basis for developing constructs for detailed analysis of the role of effective governance and stewardship in establishing an entrepreneurial culture in RACOs.

In this study, the concept of entrepreneurship is based on the fundamental importance of Stevenson’s (1983) definition as “the pursuit of opportunity beyond the tangible resources that you currently control”. This concept gives impetus to a new focus on the search for the ‘how’ of entrepreneurship to consider; “how opportunity can be recognized, the process of committing to an opportunity, gaining control over the resources, managing the network of resources that may or may not be within a single hierarchy, and the way in which participants are rewarded” (Stevenson, 1985; Stevenson & Jarillo, 1990).

This concept has the entrepreneurial organisation “focusing on opportunity, not resources”.

Covin & Slevin, (1989, 1991) subsequently developed an instrument for empirically assessing the dimensions of risk taking, innovativeness and proactiveness that contribute to the entrepreneurial processes observed in a new entry firm. Two further dimensions, competitive aggressiveness and autonomy were added to the scale by Lumpkin and Dess (1996, 1997). These five dimensions both characterise and distinguish key entrepreneurial processes which define a firm’s Entrepreneurial Orientation (EO) and are relevant dimensions for considering performance and process in for-profit, not-for-profit and social mission organisations. In terms of social entrepreneurship the subtle differences will be explored in the empirical chapters of this study. In addition, and using the conceptual models for entrepreneurship, innovation and growth, a contextual model for an RACO that meets the physical and philosophical needs of the expected residents, care processes and organisational governance will be presented in chapter 4 to evaluate both the empirical and qualitative results presented in Chapter 5.

Importantly the identification and role of social entrepreneurs within the selected RACOs’ will follow the criteria established by Dess (1998, p 4) where the entrepreneurs are considered as change agents. The criteria used to assess the role of change agent include: “adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous
innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created”.

Behaviours rather than attributes are what give meaning to the entrepreneurial process. An individual's psychological profile does not make a person an entrepreneur but can define some of the characteristics. Indeed entrepreneurs through their commitment to making things happen. Similarly, nonbehavioural organizational-level attributes, like organizational structure or culture, do not make a firm entrepreneurial. An organization's actions make it entrepreneurial. In short, behavior is the central and essential element in the entrepreneurial process. In addition the central role of mission in the social enterprise (RACO) and the multifaceted nature of the social value generated contribute to the presence of social purpose hence the identification of a social value proposition (SVP), (Austin et al., 2006)

In using the EO framework to represent configurations of policies, practices, and processes across many types of organizations (including NFPS’)—innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin and Dess 1996), Lumpkin et al. (2012) developed a relationship between EO and the antecedents (social motivation/mission, opportunity identification, access to capital/funding, and multiple stakeholders, and outcomes (social value creation, sustainability of solutions, and satisfying multiple stakeholders). Based on this approach, Lumpkin et al., 2012, p35) report the “majority of processes and practices used by social enterprises are similar to those used by commercial enterprises”. This overall framework provides an insight into the conditions, characteristics and motivations that impact entrepreneurial culture and innovation strategy and thus enable the Board of a RECO to govern for sustainable resident valued services.

A major outcome of this review is the examination of a number of theories that impact the understanding of governance and practice in a RACO. Three theories judged as highly relevant and associated with the development of entrepreneurial and innovative governance and performance culture are: behaviour orientation, stewardship theory, and complexity theory.

Given the significance of such behaviour orientation in determining how innovative NPOs serve their social missions and stakeholder interests, it is concluded such understanding of the roles and behaviours of boards of directors in guiding and controlling NPOs is not well
documented in the literature compared with the performance of boards in the for-profit organisations. Yet the logic of engaging in innovative, proactive, risk-taking and autonomy behaviours more effectively serve a social mission and satisfy multiple stakeholders, typically with severely limited resources needs to be tested by research. Such research can test the concept that an effective entrepreneurial and innovation orientation within the RACO results from a behaviour orientation within the board of directors based on social mission, strategic use of resources, activism, and cohesiveness and that results in organisational performance for sustainability, growth, and mission accomplishment.

The above review has outlined how complexity theory considers the governance and management of a RACO requires a multi-discipline integration of government policies and regulations, financial resource acquisition and viability, specific human resource recruitment, medical and care requirements and resident expectations all within a sustainable organisation. Within such an organisation the advent of change is not static and adaption to this change is unlikely to be linear and mechanistic (Besanko, Dranove and Shanley, 2000).

The application of complexity theory to this advent of change has been used extensively in the field of strategic management and organizational studies and the review above enlightens understanding of the process of entrepreneurship and innovation in a RACO adapting to their complex environments. The theory treats organizations and firms as collections of strategies and structures or ‘agents’ for example, entrepreneurs, organisations, customers, suppliers and website visitors.

Another perspective is that of stewardship theory -a theory where organizational managers and directors, left on their own, will indeed act as responsible stewards of the assets available to deliver the mission of the organisation. For stewardship theory, managers seek other ends besides financial ones. These include a sense of worth, altruism, a good reputation, a job well done, a feeling of satisfaction and a sense of purpose. The stewardship theory in not-for-profits holds that managers inherently seek to do a good job, optimize organisation financial performance and bring good benefits to stakeholders. Trust refers to an individual's willingness to be vulnerable to another party and the expectation that an exchange partner will not behave opportunistically even when such behavior cannot be detected (Mayer, Davis, & Schoorman, 1995) and the interplay between trust and governance merits further exploration within the RACO. Indeed it was found that value commitment “is strongly associated with perceptions of stewardship” (Davis et al. (2010, p1108).
This thesis will examine measures of social entrepreneurship activity amongst selected RACOs and seeks to assess to what degree social entrepreneurs and innovators pursue social opportunities over quality/continuous improvement and in conjunction with economic and regulation goals. From the literature reviewed above it appears that boards and executives using the principles to establish an entrepreneurial culture and a commitment to practice innovation intensity can achieve a successful mix of social goals and economic performance.

As identified in the review “innovation is the tool of the entrepreneur” (Drucker, 1985). Innovation is defined as “the process that endows a recognized opportunity with the capacity to add-value to an already existent invention, product, process or service and at a “price” a customer will pay” (Gillin, 1995). It should be emphasised that the ‘process’ of innovation is not just the idea—innovation is only achieved when the idea has been transferred into an opportunity with an outcome which has value and is ‘sustainable’. Sustainability in the case of a RACO requires good integration with those who assign value i.e. the residents, the regulator, and it implies rigour and continuous measurement through standards.
Chapter 4

Methodology

“So many problems are so complex that you have to be highly intelligent and well informed just to be undecided about them.”---Laurence J. Peter

Introduction and Research Question

This chapter first identifies the research question in 4.1. After framing the philosophical dimension of the ‘wicked problem’ in aged care, a contextual framework is presented in 4.4. In 4.5 the choice of a general case study methodology is presented along with the choice of validated survey instruments to assess the form and intensity of entrepreneurship and innovation within each RACO. The practical form of these tools is presented in 4.6. The case for using a purposeful selection of six cases is argued in 4.7 with discussion of the validity of the research process presented in 4.9.

The aging population throughout the world is creating challenging problems for governments in terms of how to offset related economic, health, and other social demands placed on communities and economies. This trend affects everyone in a society – not just the elderly - as someone has to pay for the services required. Some of the burden will even be shared by today’s youth as they grow, develop careers, and pay taxes. In Australia, demand for companion and personal services for the aged is expected to grow. Over 3.5 million Australians are expected to use aged care services each year by 2050 (Productivity Report, 2011), and this aging population trend is placing increasing demands and stresses on scarce community resources.

Governments both license and provide significant financial support to the aged care sector and, yet, this commitment is not enough. The constitutional basis for regulating the residential aged care services industry is clear. Yet, despite decades of investment in the industry globally, still little is known about the types and success of regulatory approaches employed by licensing agencies to facilitate an entrepreneurial and innovative residential aged care organizations (RACOs) delivery. Developing frameworks that facilitate more
entrepreneurial residential aged care organizations and are less reliant on government funding is a recognized partial solution.

Another approach to the problem has been the development of increased numbers of care facilities for the aged. These are often provided by non-profit community and church sponsored organisations - although some are operated by for-profit enterprises.

As resources become scarce, there is an ever-growing need for these organisations to be entrepreneurial so as to take advantage of opportunities and achieve sustainability. Yet, relatively little is understood about factors triggering entrepreneurial behaviour within RACOs. They find themselves dependent on government grants and a major set of regulations to be complied with. Indeed, the question of sustainability is a major issue for many RACOs – even though the market is growing.

However, the logic of engaging in entrepreneurial behaviour while attempting to serve a social mission and satisfy multiple stakeholders is not always clear cut. Given the significance of such behaviour in determining how RACOs serve their social missions and stakeholder interests, RACO Boards of Directors are particularly important in fostering entrepreneurship within organisations – especially in ‘not-for-profit’ organisations.

To understand this relationship the following question is researched:

Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Facility to govern for sustainable resident valued services?

4.2 Wicked problem and Philosophical Context

Opportunities in social sectors, including environmental issues, are driven by large, complex problems. Perhaps we can call these social problems ‘wicked problems’ (Timmons, Gillin, Burshtein and Spinelli, 2010). In the early 1970s the notion of wicked problems emerged out of the complexity of resolving issues related to urban and governmental planning; wicked problems were contrasted with tame problems (Rittel and Webber 1973). In other words, the linear and traditional approaches to solving tame problems were being used on social issues with little success. Further observation indicated that the problems were ill-defined; so the perception of the actual problem was the symptom of another problem. As such, wicked problems became characterised as malign, vicious, tricky and aggressive (Conklin 2006)).
An examination of the characteristics of a wicked problem Table 4.1 (Conklin, 2006) reveals the considerable challenges facing social entrepreneurs and particularly those in aged care industry.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Wicked Problems & Tame Problems \\
\hline
High level of complexity & Low level of complexity \\
\hline
Many stakeholders & Few stakeholders \\
\hline
Not clearly defined & Clearly defined \\
\hline
No right answer & Right answer exists \\
\hline
\end{tabular}
\caption{Wicked versus Tame Problems}
\end{table}

\textit{Source: J Conklin, Dialogue Mapping: Building Shared Understanding of Wicked Problems. 2006, Chapter 1.}

\textbf{Table 4.1 Wicked versus Tame Problems}

In consideration of ageing of the population and care of the elderly, Hazelton and Gillin (Timmons et al. 2010, p241) describe the issue as an excellent example of a wicked problem: this has become a topic for sustained discussion as all societies consider ways to cope with worldwide, rapidly increasing interest in socioeconomic demography. This is particularly so for the dramatically changing aged structure of both Western and Eastern/Asian cultures. Individuals as they age have always been concerned about the ‘who, what, where, why, when 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, access to quality services and bedside care are three such areas of concern. Aged care is a major industry that consists of many components to make a functioning whole. There are close to 2 million
Australians over the age of 70 and the number is set to double in the next 20 years (Ansell 2008). This ageing population creates significant challenges for society. Pensions and retirement incomes will need to last longer. Health care costs are likely to increase. The service economy will capture an increasing percentage of GDP as the aged require more help from services as opposed to products. As the population ages, there are fewer taxpayers supporting the growing number of nonworking retirees. But in addition to these tangible issues are the intangibles such as the emotional and physical sides of ageing. The ageing of the population creates challenges socially and economically, yet there are also issues related to human rights. Let us consider one aspect of this issue using the characteristics of wicked problems as the backdrop. Timmons et al (2010) understand that most elderly people want to maintain their independence as long as possible, so for many moving to an assisted living residential facility or nursing home is the last and least desired option. Independent living for the aged is a unique social problem, and interpretation of the dilemma is in the eye of the beholder. The problem in this example affects not only older people but also many other stakeholders (p241).

The desire for aged independence is just one aspect of the social problem encountered as the population ages. There are innumerable possibilities, and wicked problem theory tells us that there is not a finite solution set. Perhaps some see this as a limitation, but social entrepreneurs see this as an ocean of possibilities and opportunities.

4.2.1 Framing the Philosophical Dimension

In order to help frame this ‘wicked problem’ and the research approach of this thesis that recognizes “the heart of the entrepreneurship process as in the descriptive background” (Bygrave, 1989a), it is appropriate to consider the philosophical dimensions (Burrell & Morgan 1979) that impact our framing of the relationship between the board of an a RACO to entrepreneurial and innovative behaviour within a social world that must be interpreted and a real world that can be measured. That is, a situation where the flat ontologies, interpretivism and positivism, are limited in their value by their focus (Blundel 2007).

This thesis adopts Critical Realism (CR), “one of the more widely cited social theoretic paradigms” (Blundel 2007 p.49), as a credible paradigm for analysing the relationship between an Aged Care organisation board of directors and management staff, its
entrepreneurial behaviour and relationship with government as the licensor of the opportunity to deliver valued care and service to aged residents. CR asserts that the social world consists of real objects that exist independently of our knowledge and concepts, and structures, mechanisms and powers are often far from transparent. This perspective presents an opportunity to research a distinct view of the world to assess a wicked problem.

Critical realism distinguishes between three domains of reality, “the empirical (experience and impression), the non-empirical actual (events and states of affairs), and the non-actual or, metaphorically, the ‘deep’ [also referred to as ‘real’] (structures, mechanisms, posers, and tendencies)” (Lawson 1995, p13). In so doing, CR provides a middle way for social science research that avoids the limitations of both positivist and interpretivist analysis (Blundel 2007). This enables the analysis to “reconcile the richness, complexity and sheer variety encountered in [the] concrete social world” (Sayer 2000, p140) and to identify “new and non-reducible properties of the network itself, including its structural form, causal powers and the mechanisms through which these are exercised”(Blundel 2007, p52).

Critical realism is recognised as being particularly applicable for entrepreneurship research as it provides a vehicle whereby case analysis can go beyond ‘sheer association’ (Blundel 2007). Specifically, “it provides a basis for theoretically informed abstraction …with more explicit specifications of causality in the processes that it describes” (Sayer 2000, p142-3).

Blundel (2007) identifies two criticisms associated with critical realism. Some scholars claim CR social theoretic propositions are internally inconsistent, others question that CR provides a compelling basis for social scientific methodology. Despite these limitations, critical realism is recognised as a valuable tool for the development of entrepreneurship theory (Spring 2010).

- **Ontology**

Ontology originally referred to the branch of metaphysics dealing with the nature of meaning and reality (McKechnie, 1977) and within an entrepreneurial context can refer to our ideas of reality and how that reality is constituted. Bhaskar (1975, p 56) views reality as consisting of three ontologically distinct (i.e. separate and different) domains: the
‘actual,’ the ‘empirical’ and the ‘real’. He calls this Critical Realism. The ‘actual’ domain is that in which events occur, irrespective of whether they have been observed. The inclusion of unobserved events distinguishes this domain from a positivist reality that only includes events that are observed (Blundel 2007). This actual domain comprises the actions initiated by the board and management and the results of those actions.

The ‘empirical’ domain comprises “the world of human experiences and knowledge of events” (Blundel 2007, p.52) and is ontologically distinct (separate & different) irrespective of whether people have observed them. The empirical domain comprises the beliefs, perceptions and attitudes of directors both individually and as a board.

The ‘real’ domain comprises “(irreducible) structures, mechanisms, powers, and tendencies that, although perhaps not directly observable, nevertheless underlie actual events and govern or facilitate them” (Lawson 1995, p13). These emerge “when the properties of different strata combine, these new objects are emergent in the sense of possessing new properties – structures, causal powers and mechanisms – that depend upon, but cannot be reduced to, those of their constituents” (Blundel 2007, p.53). The real domain explains the relationship between the beliefs, attitudes and perceptions of the directors and the board, their actions and the results of their actions.

Critical realism recognises that the causal powers of social objects are not exercised ‘mindlessly,’ rather they display the characteristics of a (self-conscious) sense of meaning, interpretation and intent (Blundel 2007). That is, the beliefs, attitudes and perceptions of the board and of management, not only influence, but are also influenced by their actions and the consequences of those actions “The implication is that social scientists need to engage in a so-called ‘double- hermeneutic’, generating explanatory knowledge about phenomena that are themselves ‘knowing’, in contrast to their natural science counterparts, whose subject matter is ‘unknowing’” (Blundel 2007, p55).

- Epistemology

Epistemology is interested how in turn knowledge is acquired about reality (McKechnie, 1977). The nature of knowledge, whether it is objective and can be transmitted from one individual to another, or whether it is embodied as a subjective experience, raises the epistemological debate. This divides into two extremes, the positivist approach on the one
hand which dominates the natural sciences, and anti-positivism on the other which advocates the wholly relativistic stance of the individual's point of view, discounting the value of objective observer insights. The positivist approach views the growth of knowledge as a cumulative process in which new insights are added to the existing body of knowledge. This is an absolute essence, without which it would be difficult to derive benefit from this (or any other) research project. Positivism must therefore be part of this research.

Equally however, the anti-positivist insistence on the validity of the individual's frame of reference, is an essential part of gaining knowledge of the entrepreneurship phenomenon under scrutiny, and underscores some key aspects of this research. For instance, entrepreneurs may well use a unique (non-linear) but internal frame of reference (paradigm) to make sense of their knowledge and apply it. As such, the observer should therefore be privy to this knowledge and its paradigm [Mitton 1989] so that this conceptualization can then be explained in terms that are more readily understood by "outsiders"(Campbell, 2003). Or as discussed above CR proposes that the three domains of reality, the ‘actual,’ the ‘empirical’ and the ‘real,’ require distinct types of knowledge to be recognised (Blundel 2007; Lawson 1995).

The actual domain comprises objects that can be observed (Blundel 2007; Lawson 1995). While it has evolved from the positivist view that knowledge of objects depends on our experience of them (e.g., an RACO’s assets), it also provides that objects may exist or emerge that people have not observed and “cannot be reduced to, those of their constituents” (Sayer 2000, p12-13) (Danermark et al. 2002). A facility’s human resource and its innovation capacity are such examples.

The empirical domain is made up of events that cannot be observed, so that our knowledge of them depends on either “direct experience or the accounts of human actors” (Blundel 2007, p53). Knowledge about this domain, in common with interpretivism, depends on the interpretations of the researchers conducting the study and of the individuals being studied (Gioia and Pitre 1990). In particular, knowledge of a board’s attitude towards entrepreneurship and innovation depends on the interpretation of a researcher.

Bhaskar (1975, p169) identifies the observation that the real domain of ‘structures,’ ‘mechanisms’ and associated ‘causal powers,’ exists at successively ‘deeper’ strata (i.e.
human physiology) independently of our knowledge of events and experiences. These phenomena cannot be observed and can be described as being ‘far from transparent’ as the phenomena itself may be influenced by the “(self-conscious) sense of meaning, interpretation and intent” of the subject matter (Blundel 2007). The relationship between a board’s values, attitudes and an organisation strategy constitutes a real mechanism that will include both interpretive and hermeneutic components.

Thus the objective of this research is to identify “those structures and mechanisms that are jointly responsible for producing or conditioning some identified phenomena of interest” (Lawson 1995, p13). By way of contrast Yin's stance of Logical Positivism [1993, p47] is a widely-accepted research premise, which rejects the idea that internal perceptions or thought processes can be externally observed. However this research bases its design on a database that falls very much into Yin's classification of case studies where the actions of the board and management staff can be regarded as the external manifestations of internal thought processes, knowledge, experience and the like. In this context it is vital to reiterate however, that this research makes no attempt to second-guess the motivations behind these actions. This falls clearly outside the research scope. The actions of the board and staff are however under the spotlight, helping to illumine the non-linear and unpredictable humanity that is so central to the observed practice of entrepreneurship and innovation (Spring, 2010)

**Methodological Implications**

The challenge of CR is that structures and mechanisms belonging to the real domain cannot be identified through inductive or deductive analysis (Blundel 2007). Instead, CR relies on ‘retroduction’ to discern structures and mechanisms that explain the observed relationships.

Retroduction requires the researcher to analyse observed processes and then develop theory as to the underlying real structures. That is, it “involves a type of scientific generalization that is concerned with the isolation of fundamental structures whose powers can be said to act ‘transfactually’ (i.e. continuing to exist, even though their operations may not be manifested at the level of events or observations” (Blundel 2007, p55).

Blundel (2007) provided guidelines for using retroduction as a methodology:
The research should draw on multiple sources of qualitative and possibly quantitative data; Case selection should be guided by the requirements of analytical rather than empirical generalization. That is, cases will be selected to “explore and to clarify the necessary and contingent relationships between structures” (p56).

The researcher should “incorporate the accounts of human actors, not simply in their own terms, but as part of the search for the ‘rules’ that constitute these accounts”;

Blundell (2007) writes “[T]he study itself proceeds through several iterations, with the researchers moving repeatedly between more concrete and more abstract activities in order to refine their explanation” (p56-57).

The result is a research process that is “moving concurrently on two tracks, one of which is ‘up in the clouds’, and concerned with abstraction and theoretical conceptualization, while the other is ‘down to earth’, engaged in the idiosyncratic details of the case material” (Blundel 2007, p57).

4.3 Methodology

In applying the above philosophy to a research methodology applicable to the research question of this study one needs to balance at one extreme a research process that gains knowledge only via first-hand experience and to the other methodology that relies squarely on systematic protocols and techniques, in strict accordance with the canons of scientific rigor. As discussed by Bygrave (1989a) business and entrepreneurship research are particularly prone to a bias toward mathematical and numerical quantification to unlock the intricacies evident in a human endeavour in such disciplines, despite their trustworthiness in other disciplines - a bias Bygrave (1989a) calls "physics envy" and which often results in inconclusive or incorrect conclusions.

This distinction is of central importance in developing a mainly qualitative approach to understanding the research question with some input from a quantitative survey approach. Indeed an approach such as Grounded Theory [Glaser & Strauss 1967] is one example which combines positive aspects from both first-hand experience and systematic protocols where researchers aim to gather an in-depth understanding of human behaviour and the reasons that govern such behaviour. This research will use the qualitative method to investigate the why and how of innovation in decision making, not just what, where, when. Because of the small
purposefully chosen sample for this study the methods advanced by (Neergaard & Ulhoi, 2007) will be applied to analysis of the data.

At another level Chapter 3 found a dearth of theory relating to how board governance processes influences social entrepreneurship in the aged care industry. The aim of this thesis is to develop knowledge about how this relationship works taking into account the role of government in both licensing and regulating providers of aged care residential facilities. In developing a research methodology, cognizance is taken of two factors that influence the behaviour of aged care boards:

a) Boards are complex entities comprising people, each with their own knowledge, skills, attitudes, and beliefs, who need to agree how an organisation should be managed; and

b) the relationship, between boards and organisation strategy, is complex as it is influenced by a large number of interdependent variables, many of which are difficult to measure, including the culture of the board, the complex care environment, the resources of the facility, and the impact of market growth on competition. These two factors reflect that entrepreneurship is a social, as opposed to a physical, science (Spring, 2010).

4.4 Contextual Framework

As outlined in the introduction, the growth in ageing population of 65+ is an international phenomenon with ever increasing demands for quality facilities and services in aged care. Illustrative of this reality, the model shown in Fig 4.1, bases the aged care industry firmly within the external environment (see outer ellipse). Creating an internal environment (inner 6 ellipses) for sustainable innovation, the Board (approved provider) must take cognisance not only of the external environment but also the impact of policies, regulations and practices associated with providing an effective aged care facility. From the international literature it is clear that the external environment has common elements such as: government policies; education and practice standards; type and purpose of facilities; best practice concepts; evidence based nursing practice; access and use of medical and science contributions to gerontology; and the processes of accreditation.

In establishing a RACO to meet the physical and philosophical needs of the expected residents, all the elements of the external environment must be accommodated in the new entity.
Within the Australian system of aged care provision, the Board (see ellipse Fig 4.1) is recognized as the ‘approved provider’ and under Government policy has to juggle these multiple parts to ensure successful outcomes. In consideration of governance, hospitals as the historic health care service had Boards of Management which 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). However, in developing a model for sustainable innovation in the aged care industry it is important to recognise that the approved provider has responsibility for establishing both the structure and culture for delivery of the aged care services within their facility and that supports the achievement of the strategic vision for the aged care facility with a resident focus and financial viability. Such a Board is responsible for its stewardship in delivering services to the aged in a manner which ensures that the residents are satisfied, the staff are happy and committed to their service, and which results in a socially acceptable bottom line.

Within this facility it is essential to maintain the functional health patterns for residents and establish an activity scenario that delivers a satisfying experience of daily living for each resident. Specifically, such a “maintenance requirement”- ellipse (Figure 4.1) will include hydration, medication, nutrition, physical, emotional and social needs. Government policy considers these requirements as mandatory and the basis for seeking government funding for the aged care facility.
Figure 4.1 Sustainable Innovation in Aged Care – A Context Model
The major control to receiving government funding is the achievement and maintenance of a Department of Health accreditation process to provide care for the aged. This accreditation process is assessed against four standards which cover such activities as: management, care, lifestyle, quality and safety issues, and the assessed performance of the staff and facility to meet forty-four measured outcomes (The Aged Care Act 1997). This stage of the model is identified as ‘Compliance focus’- ellipse (Fig 4.1) where the majority of facilities find much of the staff time is occupied in form-filling and recording daily/weekly activity practices. Management staff is preoccupied with this stage such that little time is available to develop a culture looking for opportunities associated with improving resident experiences.

The next stage is “efficiency focus”- ellipse (Fig 4.1) which is associated with ensuring that continued compliance practices can be delivered efficiently both in respect of staff time, staff numbers and overall service costs. If this stage is treated predominantly as a necessary accounting style function little capability or input will be provided to look for innovations that can both improve the delivery of services and be provided at an effective use of resources.

In the “innovation focus”- ellipse stage (fig 4.1) it is essential that a structure and culture are established to both identify and evaluate opportunities by creating an internal environment that supports sustainable innovation (inner ellipse). Indeed board members, management staff and care employees throughout an aged care facility who are engaging in entrepreneurial behaviour, are the very foundation for organisational entrepreneurship and innovation. Thus the “pivotal crucible for innovation” is the entrepreneurial activity of deploying new ideas, inventions or services within the resident facility and marketplace (Cutler, 2008).

4.5 Case study methodology

4.5.1 Characterisation of case study

A case study is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 2003, p13). A case study involves “understanding the dynamics present within single settings” to develop descriptions, test theory or generate theories that are likely to be novel, testable and empirically
valid (Eisenhardt 1989). Such a case study is an appropriate methodology to ‘gather an in-depth understanding of human behaviour and the reasons that govern such behavior”, (Neergaard & Ulhoi, 2007). The qualitative method investigates the why and how of decision making, not just what, where, when. Hence, smaller but focused samples are more often needed, rather than large random samples.

A case study involves the collection and analysis of data from multiple sources using triangulation to achieve convergence. Where possible, case studies are designed using previously developed theoretical propositions as a guide (Yin 2003). Furthermore Yin (2003) argues that using the findings from multiple cases one can predict similar results in a subsequent case, a literal replication is established. Ideally, a study will achieve literal and theoretical replication across several cases. This allows the theoretical framework to be generalised to the analysis of similar cases.

4.5.2 Choice of case study methodology

Case studies are appropriate in “technically distinct situations” where there are “many more variables of interest than data points” and “as an empirical inquiry that investigates a contemporary phenomenon within its real life context” (Yin 2003, p 13). A case study is a research strategy which concentrates on perceiving the dynamics present within single settings (Eisenhardt, 1989). As stated above the case study is particularly good for examining the “why” questions “which are questions about a contemporary set of events, over which the investigator has little or no control”, (Saunders et al., 2007, p 9), when the objective is “to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies” (Saunders et al. 2007, p.15). The case study strategy is most often employed in explanatory and exploratory research (Saunders et al., 2007).

The focus of this project is to understand the mechanisms that frame the relationship between the board of directors and organisation entrepreneurship and innovation. That is, it aims to generate theory as to ‘how’ the board of directors influences the aged care facility’s entrepreneurship and innovation processes to deliver resident valued outcomes.
The board of the aged care facility comprises a number of individuals jointly charged by the government regulator with being the designated “provider” with its multiple liabilities and responsibilities and along with managing the organisation to be: economically viable in a competitive environment; and to guarantee the welfare of the residents. The choice of a case methodology to analyse this relationship between the aged care facility’s board of directors and its provision of social entrepreneurship, enables the researcher to undertake what Yin (2003) described as a holistic analysis that considers the many variables involved.

4.5.3 Design of the research program

The research design follows Yin (2003) who emphasises the importance of the relationship between the research question, data collection, data analysis, and the conclusions reached. He states:

[A] research design is a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers) about these questions. Between ‘here’ and ‘there’ may be found a number of major steps, including the collection and analysis of relevant data (p20).

However the initial research design is based on the question seeking to understand the dynamics created by a board of a RACO to deliver sustainable resident valued services. Eisenhardt (1989, p 536) suggests “although early identification of the research question and possible constructs is helpful, it is equally important to recognise that both are tentative in this type of research. No construct is guaranteed a place in the resultant theory, no matter how well it is measured”. In the light of these conclusions Figure 4.2 is constructed to reflect the analytical process followed in gathering the data, analysing the data, triangulating the findings with independent sources of data and developing a set of conclusions.
The first step of the process was the development of a priori specification of constructs based on themes identified by the literature review. These constructs served as a starting point to determine appropriate measures of innovation and entrepreneurship within aged care facilities, the selection of cases, the development of an interview protocol, and the selection of codes for the first cut analysis of data.

Data collection for each case comprised the use of validated survey instruments, semi-structured interviews with chair, chief executive officer and director of nursing of each aged care organisation using a standard interview protocol (See Appendix A4.7), resident satisfaction surveys and supplemented by organisation publications and publicly available analysis about the aged care facility. In addition the Productivity Report (2011) was reviewed to access the government role in aged care practice and resident satisfaction. This additional information was designed to ensure construct validity by allowing what Yin (2003) describes as ‘data triangulation’.
4.6 Research Measures Employed

As demonstrated in chapter 3 most measures of entrepreneurship and innovation in the field of social entrepreneurship depend strongly on a quantitative approach to research understanding. Indeed Dodgson (2008) reports many of the submissions to the Cutler Review (2008) that included data on innovation relied on traditional measures of Research and Development and intellectual property, and, proxy measures such as research grants or number of ideas suggested. Cutler (2008) comments:

Indicators are developed from combining these partial, proxy measures, often using sophisticated econometrics. The somewhat mysterious assumption is that if you get the mathematics right, you will obtain something meaningful from raw data of limited relevance. These methods are linear whereas entrepreneurship and innovation is multi-dimensional, non-linear and concerned with outcome values (p6).

In consideration of the complex interaction of global issues that impact on the innovation initiatives of the aged care board, internal stakeholders and the regulated environment of the aged care facilities’ activities, any relevant measuring instrument must incorporate the relationship with external stakeholders such as government policy makers, regulators, professional practice requirements, programs and structures for delivering aged care services, and with internal stakeholders such as the board, staff, and management if sustainable and efficient resident care and satisfaction is to be achieved.

4.6.1 Survey Instruments (Organisation) – to measure conditions for entrepreneurial culture & innovation intensity;

To assess the board’s capacity to create an internal environment that supports sustainable social entrepreneurship and innovation two survey instruments are used. These are adapted from Ireland, Kuratko and Morris (2006), Kuratko and Hornsby (2007) and based on the “characteristics of an internal work environment that supports corporate entrepreneurship” shown in figure 4.3 (Ireland et al. 2006, p14). These elements identify a perspective of “innately entrepreneurial employees and the provision of resources to them in the expectation that they will produce the innovations” (Ireland et al. 2006, p14). A second perspective involves top level
management creating a work environment that is “highly conducive of entrepreneurship and entrepreneurial behaviour” (Ireland et al. 2006, p14).

<table>
<thead>
<tr>
<th>Structure</th>
<th>Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal over vertical</td>
<td>Control based on “no surprises”</td>
</tr>
<tr>
<td>Few layers</td>
<td>Loose-tight control properties</td>
</tr>
<tr>
<td>Broader spans of control</td>
<td>Resource slack</td>
</tr>
<tr>
<td>Decentralisation</td>
<td>Internal venture capital pool</td>
</tr>
<tr>
<td>Cross-functional processes</td>
<td>Emphasis on self control</td>
</tr>
<tr>
<td>Less formalisation</td>
<td>Empowerment &amp; discretion</td>
</tr>
<tr>
<td>Open communication flow</td>
<td>Mutual trust</td>
</tr>
<tr>
<td>Sense of smallness</td>
<td>Open information sharing</td>
</tr>
</tbody>
</table>

Human Resource Management
- Jobs that are broad in scope
- Multiple career paths
- Extensive job socialisations
- Individual & group awards
- High employee involvement in appraisals
- Longer-reward emphasis
- Appraisal & reward criteria include innovativeness and risk taking

Culture
- Entrepreneurial learning
- Balanced individual-collective emphasis
- Emphasis on excellence
- Emotional commitment
- Freedom to grow and to fail
- Emphasis on results over process
- Celebration of innovation
- Healthy dissatisfaction and a sense of urgency
- Focus on the future

Entrepreneurial Performance
- Innovativeness
- Risk-taking
- Proactivity

Figure 4.3 A Model for Sustainable Corporate Social Entrepreneurship (After Ireland, Kuratko and Morris, 2006b)

Using a pilot application of the survey instruments within an existing RACO a number of questions were modified to reflect the specific nature of the aged care industry and the not-for-profit environment. These adapted instruments are applied to the selected socially focused RACOs assuming that the entrepreneurial principles apply in meeting resident needs for aged care and to measure the level of innovation (incremental and radical) within the organisation that delivers social entrepreneurship outcomes. The Social Entrepreneurship/Innovation Conditions Instrument (SECI) survey, (appendix A4.1 for organisation staff and appendix 4.2 for chairman of the organisation) is used to assess the innovation climate of the RACO environment based on the four central...
components - structure, controls, human resource management and culture. The adapted survey instruments provided outcome measures similar to those reported by Ireland et al (2006) for corporate entrepreneurship. Indeed, Kuratko (personal communication, January 30, 2010) confirms the validity of these instruments to this application –

the major elements in our instrument are a measure of the “perception” of those factors by the respondents. In effect that “perception” is what actually exists in the eyes of the respondents and thus drives or inhibits the implementation of entrepreneurial actions. That is the most important measurement we are making. The dependent variables (structure, controls, human resource management and culture) are then used to measure a marked difference in some way. Your measure of efficiency and performance would be most appropriate in your study if that is what signifies an important outcome of social corporate entrepreneurial behavior.

The second adapted survey instrument (Ireland et al, 2006b) is used to assess the Social Entrepreneurial & Innovation Intensity (EII) within the organisation (see Appendix 4.3). These instruments, taken together, seek to assess innovativeness (creative, unusual or novel solutions), risk-taking (committing significant resources to opportunities), proactiveness (anticipating and acting in light of recognised opportunities) and autonomy (empowering) within an entrepreneurial orientation context. In addition, the Board chair, CEO and DON (Director of Nursing) were interviewed to assess the perceptions and reality of the leader’s commitment to entrepreneurship and innovation.

4.6.2 Survey Instruments (Chairman of Board/CEO) – to measure personal style, personal qualities, concern for risk and chairman performance interface with CEO.

As highlighted in the introduction, RACO Boards of Directors are particularly important in fostering an entrepreneurship and innovation culture within organisations– especially in not-for-profit organisations. In particular, Kakabadse and Kakabadse (2008, p140), using a performance assessment instrument based on a standardised survey from over 12,000 organisations from many different nations, confirm the pivotal role of ‘board development’ and ‘chairman leadership’ in the future performance of the organisation (see appendix 4.4). “The development of the board is a state of mind. You don’t do development and then do something else. How
the board functions and matures is the responsibility of all those on the board” (James Parkell as cited in Kakabadse et al., 2008, p139).

To seek to understand the effectiveness of the board, the leadership of the chairman and the critical dimension of Chairman/CEO interface, “the single greatest impact on overall board process and, ultimately, board effectiveness is the independence of mind, competencies and behaviours of the Chair of the Board” both chair and CEO completed a simple series of survey audits (Kakabadse et al. 2008, pp158-161) to assess style, qualities, risk, performance and leadership.

### 4.6.3 Survey Instrument ( Resident Satisfaction) – to evaluate trust factors and stewardship

As highlighted in the research question an important dimension of effective leadership and board governance is dependent on the capacity of the RACO to deliver sustainable resident valued services. To measure this perception a simple composite questionnaire (see appendix 4.6) was developed from consolidating the independent survey results from each RACO. The questions are based around the theme “it is the resident’s home”.

### 4.6.4 Semi-Structured Interviews – to evaluate characteristics and

As an aid to understanding the ‘mind-set’ in the Chair/CEO interface a ‘visioning map’, developed by Kakabadse et al. (2008, p143), is used to capture “how the individuals, together with their colleagues, envisage a future and subsequently take action”. This tool, based on the four dimensions: centeredness; behaviour orientation; interfacing; and cognition, is illustrated in Figure 4.4.

After adding four questions to the international ‘Chairman Audit’ instrument developed by Kakabadse (2010),(Appendix 4.5), the ‘tool’ illustrated in Figure 4.4, is used to assess the role of the chairman/CEO in developing organisation vision, opportunity recognition and exploitation of an opportunity focused organisation.
To further gather in-depth understanding of the human dimension of entrepreneurship and innovation semi-structured interviews are conducted with the senior staff of the RACO. Unlike the questionnaire framework, where detailed questions are formulated ahead of time, semi structured interviewing starts with more general questions or topics. An interview protocol is circulated ahead of the interview to each of the interviewees (see appendix 4.7).

The ‘Interview Protocol’ provided for the interviewee to be asked questions about:
1) the extent of entrepreneurship and innovation at the aged care facility;
2) the board and CEO’s management of entrepreneurship and innovation at the facility;
3) the extent to which the facility’s culture is entrepreneurial; and
4) the drivers of the aged care organisation entrepreneurship and innovation culture.

Yin (2003, p 74) describes the process as follows:
The protocol’s questions, in essence, are [the interviewer’s] reminders regarding the information that needs to be collected and why. In some instances, the specific questions also may serve as prompts in asking questions during a case study interview; however, the main purpose of the protocol’s questions is to keep the investigator on track as data collection proceeds (p74).

The majority of questions are created during the interview, allowing both the interviewer and the person being interviewed the flexibility to probe for details or discuss issues (Lindlof and Taylor, 2002, p195). In this study the collected data was managed and analysed using NVivo® qualitative research software, a simple to use content analysis system that allows researchers to map out a project, set up frameworks, organise ideas, and to make sense of the characteristics and motivations of the interviewees in line with the elements of the model in Fig 4.5.

Fig 4.5 Qualitative Research has multiple focus points, Ereaut, 2002

Ereaut, (2002) comments: computers are useful for administrative functions and arranging and sorting data - what computers can't do is think like a qualitative
researcher. But the fact that computers don't think is not a limitation at all; in fact, it leaves the researcher doing what they most want to do - the thinking.

Using the stages in the aged care industry context model, Fig 4.1, each stage has been identified as a ‘tree node’ for the purpose of content analyses of the interview transcripts. Each stage is further sub divided into sub nodes (elements) associated with the ‘tree node’ and identified from the literature. Welsh, (2002) call these “child nodes” and are listed in Table 4.2.

<table>
<thead>
<tr>
<th>TREE NODES</th>
<th>CHILD NODES</th>
</tr>
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<tbody>
<tr>
<td>• External Environment</td>
<td>• Best Practice</td>
</tr>
<tr>
<td></td>
<td>• Facilities</td>
</tr>
<tr>
<td></td>
<td>• Education &amp; Practice</td>
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<tr>
<td></td>
<td>• Science &amp; Gerontology</td>
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<td></td>
<td>• Government Policy</td>
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<tr>
<td></td>
<td>• Accreditation</td>
</tr>
<tr>
<td>• Board as Provider</td>
<td>• Governance</td>
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<tr>
<td></td>
<td>• Stewardship</td>
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<tr>
<td>• Maintenance</td>
<td>• Functional health patterns</td>
</tr>
<tr>
<td></td>
<td>• Activities of daily living</td>
</tr>
<tr>
<td>• Compliance Focus</td>
<td>• 4 Standards</td>
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<tr>
<td></td>
<td>• 44 Outcomes</td>
</tr>
<tr>
<td>• Efficiency Focus</td>
<td>•</td>
</tr>
<tr>
<td>• Innovation Focus</td>
<td>• Opportunity recognition/evaluation</td>
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<td></td>
<td>• Management Support</td>
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<td></td>
<td>• Work Support</td>
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<td></td>
<td>• Organisation Openness</td>
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<td></td>
<td>• Rewards</td>
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<tr>
<td></td>
<td>• Time Availability</td>
</tr>
<tr>
<td>• Sustaining Deep Human Values</td>
<td>• Residents</td>
</tr>
<tr>
<td></td>
<td>• Staff</td>
</tr>
</tbody>
</table>

Table 4.2 NVIVO nodes identified for aged care facilities.

The primary data is collected from the selected staff interviews (using interview protocol; Appendix 4.7) within each RACO. Following transcription, the following procedure was used in the search and coding of each document:
Based on the research question and the structure of the interview protocol, it was determined to search the codes: ‘Board as a Provider; ‘Innovation Focus’; and ‘Sustaining Deep Human Values’;

Identify a list of words appropriate to each node to act as ‘meaning units’ (Tables 4.3, 4.4, 4.5);

Read each transcript and identify passages that relate to each node;

Code the appropriate passages with the appropriate nodes selected above;

Place the document aside and review the codes at a later date to determine congruency with original node;

Compare the incidence rate of appropriate passages for trends in the experience of the interviewees.

<table>
<thead>
<tr>
<th>Board as Provider</th>
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</thead>
<tbody>
<tr>
<td>Innovative strategy</td>
</tr>
<tr>
<td>Board involvement</td>
</tr>
<tr>
<td>Change Culture</td>
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<tr>
<td>Leadership (Board/CEO)</td>
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<tr>
<td>Resident Focus</td>
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<tr>
<td>Opportunity Focus</td>
</tr>
<tr>
<td>Innovative Resourcing</td>
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<tr>
<td>Trust/Integrity</td>
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<tr>
<td>Risk taking</td>
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</tbody>
</table>

Table 4.3 Meaning Units for Node – Board as Provider
<table>
<thead>
<tr>
<th><strong>Innovation Focus</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative strategy</td>
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<tr>
<td>Challenge Focus</td>
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<tr>
<td>Change Culture</td>
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<tr>
<td>Community Focus</td>
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<tr>
<td>Resident Focus</td>
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<tr>
<td>Opportunity Focus</td>
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<tr>
<td>Innovative Resourcing</td>
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<tr>
<td>Innovator Rewards</td>
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<tr>
<td>Trust/Integrity</td>
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<tr>
<td>Risk taking</td>
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<tr>
<td>Failure Tolerance</td>
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<td>Training/Development</td>
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</table>

**Table 4.4 Meaning Units for Node – Innovation Focus**
Table 4.5 Meaning Units for Node – Sustaining Deep Human Values

Seeking to be objective in allocating content to a meaning unit, as in figures 4.3-4.5, implies understanding associated with the language used. This suggests one must consider what does understanding imply in practice, and how does one reach it? For instance, some interviewees referred to making decisions based on their ‘trust’, whilst others said they relied on their ‘integrity’. These terms are synonymous with the concept of ‘stewardship’. Understanding is accomplished when the content analyst understands what each perception means. Hence, the notion of the meaning unit is crucial in understanding the participant’s perspective.

To enhance objectivity in assigning words and comments to meaning units, my principle supervisor conducted an independent selection of items and allocation to meaning units. There was a high level of agreement in the selection. It is suggested this result may be associated with an agreed understanding of the meaning units giving rise to a similar allocation of words and comments.
4.7 Purposeful selection of the cases

As the focus of the research is to study the facilitation of sustainable entrepreneurship and innovation practice on the delivery of resident valued services in aged care it was important to study the industry through the selection of organisations which would each be considered as a case, (Yin 1989). The selected case studies are sourced from six innovative aged care residential facilities which in Hofer and Bygrave’s (1992, p94) sampling strategy could be considered as ‘best exemplars’. To source such a sample amongst RACOs, the Aged Care Association, Australia (ACAA) identified organisations with a recognised history of innovation practice, high levels of performance delivery, and winners of ‘awards for excellence’. This focused sample is designed to highlight case success in entrepreneurship/innovation practise and facilitate the potential for identifying the important dimensions of entrepreneurial orientation in developing a model for sustainable resident care services.

Using this purposeful approach (Neergaard, 2007, p256) all selected aged care facilities could be identified as exhibiting characteristics appropriate to the research question. Such characteristics were:

- a professional board as the approved provider;
- a track record of successful accreditation with the government regulator;
- an understanding of organisational social entrepreneurship and innovation;
- a well-structured relations between Board/CEO/staff innovation initiatives at all levels;
- and a commitment to assess resident satisfaction.

In qualitative research a sample size is relative (Sandelowski 1995) and many identify reaching a “point of saturation” as the cut-off point. However Morse (1991, p141) used the concept of “tests of goodness” in which “an appropriate sample is guided by whether informant/case sampling facilitates understanding of the research problem”. Kuzel (1999, p37) argues a different test that of “issues of appropriateness begin with a consideration of whether the researcher is using an appropriate paradigm”. Based on these two considerations, it was considered a sample of six organisations, one a pilot study to adapt the Ireland et al (2006) survey instruments for use in the aged care industry and the other five selected aged care facilities with a reputation for innovation.
as understood by the researcher and being facilities that fitted the paradigm. Each case was sourced after discussion with the industry, leading CEOs’ and independent referrals concerning the leadership, effectiveness and innovative strategic approaches of the organisation Board in delivering resident valued services.

In addition to the organisation characteristics identified above, the Board of each selected facility is characterised as follows:

They have boards with a high level of independence from operations;
They have board members that generally represent not-for-profits;
They have boards with a separate chair and chief executive. This makes it more likely that the board has practical, as well as theoretical control, over the management of the company.
They are of similar scale thereby minimising scale effects.
They operate similar businesses thereby minimising industry effects,
They serve similar markets and are regulated by the same laws thereby minimising the impact of the regulatory environment.
They are not a sample of convenience, that is, they have been selected because they belong to a chosen innovation demographic rather than because they are accessible, (Table 4.6).

<table>
<thead>
<tr>
<th>Location</th>
<th>Ownership/Registered</th>
<th>Age(Years)</th>
<th>Residential Facilities</th>
<th>Residents</th>
<th>Total Staff</th>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>Community Not For Profit</td>
<td>40</td>
<td>1</td>
<td>60 beds</td>
<td>100</td>
<td>Chair + 8</td>
</tr>
<tr>
<td>Canberra</td>
<td>Independent/Not For Profit</td>
<td>56</td>
<td>3</td>
<td>232 beds</td>
<td>300</td>
<td>Chair + 9</td>
</tr>
<tr>
<td>Sydney</td>
<td>Independent/For Profit</td>
<td>44</td>
<td>8</td>
<td>900 beds</td>
<td>1000</td>
<td>Chair + 3</td>
</tr>
<tr>
<td>Adelaide</td>
<td>Church/Not For Profit</td>
<td>43</td>
<td>12</td>
<td>878 beds</td>
<td>1000</td>
<td>Chair + 8</td>
</tr>
<tr>
<td>Adelaide</td>
<td>Independent/Not For Profit</td>
<td>60</td>
<td>7</td>
<td>625</td>
<td>710</td>
<td>Chair + 8</td>
</tr>
<tr>
<td>Melbourne</td>
<td>Church/Not For Profit</td>
<td>105</td>
<td>3</td>
<td>193 beds</td>
<td>210</td>
<td>Chair + 10</td>
</tr>
</tbody>
</table>

Table 4.6 Demographics of Residential Service Facilities in the Research Sample

Following identification of each selected organisation an invitation was issued together with information letter (Appendix 4.8, an ‘informed consent form’ (Appendix 4.9) and an interview protocol (Appendix 4.7). The RACOs were selected from South Australia, Victoria, New South Wales and Australian Capital Territory.
Data centre 1 – Pilot study (not-for-profit)

This is a fully accredited high care residential aged care facility. They are a non-profit, non-denominational organisation, welcoming people from all religious, socioeconomic and ethnic backgrounds. Established in 1981 through the efforts of local councillors, government, Rotary, Lions, churches, businesses and trusts, the facility has a proud history of providing resident-centred care.

The experienced team of aged care nurses and carers consider the individual care needs of residents and support family and carers during the transition to aged care. Staff provides consistently high quality services in an environment that supports resident comfort.

The entity is managed and governed by an experienced board and team.

Data centre 2 – (not-for-profit and multi resident sites)

RACO-2 provides high quality services and care to their residents and clients.

It is our people who will establish our reputation as a provider of high quality services, care and accommodation to the aged community which focus on the individual's right to be treated with dignity and respect. We introduce new initiatives to develop the quality and scope of our services, all our people are encouraged to be innovative and contribute to the constant improvement of our operations.

Values are based on doing the job right, the first time, to the highest quality standards and incorporating best practice procedures and encouraging a high level of teamwork and integration of work and multiskilling, fostering a positive workplace attitude and initiative with mutual understanding and trust.

Data centre 3 – (for-profit family business with multi resident sites)

The goal for this RACO is to ensure residents are the main focus in all that the facility does. By utilising a resident focused approach; not just in care delivery, but in all aspects of business and innovation, the facility exceeds today’s expectations of aged care provision. The Quality Management System Framework enables this resident focused approach.

This Framework defines seven performance categories that are interrelated, and ensures that the vision of "Working Together to Provide Peace of Mind" is achieved.
The performance categories include Residents, Results, Information and Analysis, Strategy and Planning, Processes and Services, People and Leadership.

**Data centre 4 - (not-for-profit and multi resident sites)**

This not-for-profit, values-based RACO provides quality services and life enhancing opportunities for older people and children and adults with a disability. They deliver quality and innovative disability, education and senior service options that empower and enrich individuals and communities. In addition a three-year strategic plan is in place to achieve advancement through innovation with set goals and a clear framework for directing, monitoring and assessing progress.

The services are characterized by: compassion – in caring for the needs of others and seeking to understand their life and spiritual journey; accountability - by taking responsibility for what is done in an honest way; respect in recognising the value and uniqueness of each person; courage - with the quality of spirit to act in accordance with leadership convictions; and person centred – developing relationships that enable people to shape and lead their own lives.

**Data centre 5 –(not-for-profit and multi resident sites)**

This facility is committed to being a leading provider of quality residential and community care for the ageing, based on Christian principles and the maintenance of dignity, rights and values of the individual. The teams of highly trained staff and dedicated volunteers are passionate about providing the highest quality care possible. All residential care facilities provide 24 hour nursing care, individual care plans and tailored therapy services, along with great dining and social activities to cater to every resident's needs.

The goal is to maintain a strong, leading edge approach to connecting with local communities and being instrumental in enriching lives. Everyone who comes to this facility can participate in choosing how they spend their day, with which they interact, and how much or how little they do for themselves.
The Board of this RACO has made a long term commitment to innovation as part of its duty as a not for profit organisation, to improve services to older people and to play a role in affecting Government policy. The innovation effort spans more than one year and is currently focusing on consumer directed care and consumer satisfaction where there is a constitutional commitment to support older people who are vulnerable or who are particularly challenging to serve.

The organisation Strategic Plan targets the opportunity to become a specialist in very high quality and innovative services to people with dementia and their carers that enable good lives to be experienced. This year, the focus has been on activities that improved quality of life in the community.

4.8 General considerations

4.8.1 Generalisation of results

Given the ‘small purposeful sample’ selected for this study, the statement by Neergaard (2007, p 271), “it is a feature of qualitative studies that they are context dependent and not representative of a larger universe, neither do they allow generalization across time and space” must be considered when discussing the analysis in Chapter 6. Despite its inherent limitation, the sample provides a starting point for analogous or theoretical generalization across the aged care industry in Australia.

4.8.2 Procedures for Recording and Storage of Data

Interviews were recorded using a solid-state digital recorder and transferred to digital storage. The interviews were transcribed for analysis using qualitative data analysis software. The transcripts of the interviews will not be published. The interviews and transcripts will be stored in a secure location in accordance with University of Adelaide policy and will only be available for examination by individuals who are party to University of Adelaide research protocols.
The thesis and subsequent publications will not identify the participating companies or individuals. Comments that are published will not be attributed to particular participants or aged care facilities. Care will be taken to ensure that it will not be possible to identify participants or their contributions. Codes have been used to disguise the identities of the participants in the transcripts and qualitative data analysis. The researcher holds the key for these codes.

4.8.3 Data analysis

This section addresses the challenge described by Eisenhardt (1989) that researchers often fail to communicate their methods of analysis, with the result that a “huge chasm often separates data from conclusions” (Eisenhardt 1989, p539). The research data comprises transcripts of interviews with chair, CEO and DON, together with published material from each RACO, with the data collected from each organisation constituting a single case.

The analytical procedures that were adopted were designed to explain the relationship between the conditions, characteristics and motivations of chair, CEO and DON in facilitating an entrepreneurial and innovative culture within the RACO. Miles and Huberman (1994, p91) described the process of qualitative analysis as climbing a “ladder of abstraction” whereby “You begin with a text, trying out coding categories on it, then moving to identify themes and trends, and then to testing hunches and findings, aiming first to delineate the ‘deep structure’ and then to integrate the data into an explanatory framework”. Similarly, Yin (2003) described the process as a series of iterations, starting with the comparison of data to an initial construct or proposition which is revised to reflect the data from the first and subsequent cases.

The process builds on the a priori specification of construct to develop the interview protocol. The initial codes (Table 4.2) were used to code the interviews comprising each case using ‘N- Vivo’ qualitative data analysis software. The coded interviews were then analysed to identify themes and patterns that either supported or repudiated the relationships suggested by the a priori specification of construct. The process was repeated until the themes and patterns identified through coding were consistent with the construct that has been developed.
4.9 Validity of Research Process

4.9.1 Background

The approach taken in the collection of data in this thesis involves case studies, content analysis of transcribed interviews and survey questionnaires. A triangulated approach is used as a strategy to gain better understanding of the research question and for improving the validity and reliability of the research or evaluation of findings. Matheson (1988, p13) explains that, “triangulation has arisen as an important methodological issue in qualitative approaches to research because it helps to control for bias and establish valid”. Another important benefit of using this approach is that ‘it strengthens a study by combining methods using several kinds of methods or data’ (Patton 2002), (Campbell, 2003). Yin’s (2003) review of the literature identified four tests that are commonly used to establish the quality of any empirical social research. The tactics in assessing construct validity, internal validity, external validity and reliability follows the concepts in Table 4.7.
### Table 4.7 Case Study Tactics in Evaluating Research Methodology

<table>
<thead>
<tr>
<th>Tests</th>
<th>Tactics</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>Use multiple sources of data</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>Establish chain of evidence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Have key informants review draft case study report</td>
<td></td>
</tr>
<tr>
<td>Internal validity</td>
<td>Pattern match</td>
<td>Data analysis</td>
</tr>
<tr>
<td>External validity</td>
<td>Use replication logic in multi-case studies</td>
<td>Research design</td>
</tr>
</tbody>
</table>

Adapted from: (Yin 2003 p. 34)

#### 4.9.2 Construct Validity

Construct validity involves the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. Yin (2003: 34) defines ‘construct validity’ as “establishing correct operational measures for the concepts being studied” so as to prevent ‘subjective’ judgements being used in the collection of data. Researchers actively cause or affect the interplay between construct and data in order to validate their investigation, usually by the application of a test or other process such that the types of changes that are to be measured are related to the objectives of the study and that the ways the changes are measured reflect the type of change being measured.

To satisfy construct validity the constructs employed must be used consistently throughout the research and that they are clearly and unambiguously defined. The multiple elements of the constructs being developed in this research relate to the perceptions of entrepreneurial culture and attitudes of boards to social entrepreneurship and innovation through trust and stewardship. (Table 4.7)
The perceptions and attitudes of a group of people, such as a Board Chair, CEO and DON cannot be measured directly as the data will comprise statements of opinion by individuals that must be interpreted by another individual. Accordingly, a number of risks that are associated with data collection can be identified: participants may choose to modify their views according to what they believe is appropriate for the situation; a participants opinion may be inaccurate; the perceptions and attitudes of the interviewer may be biased; and the researcher’s interpretation of the data may be inaccurate. These risks were minimized by collecting data from multiple interviewees, multiple organisations and multiple sources, to enable a ‘within case’ confirmation and ‘cross-case’ replication of findings.

4.9.3 Internal Validity

Yin (2003) suggests that case study researchers require rival theories to ensure internal validity. He describes ‘internal validity’ as whether there is a ‘causal relationship’ between the input being measured and the outcome being observed, as opposed to being a spurious relationship with some other factor producing the outcome being observed. In particular this study used three of the four analytical tactics identified by Yin (2003) to achieve internal validity, ‘pattern matching,’ ‘explanation building,’ and ‘addressing rival explanations.’

The interviews and content analysis were designed to identify the presence or otherwise of the attitudes of RACO boards to social entrepreneurship and innovation through trust and stewardship. Using a pattern matching process two approaches are used: the empirically derived pattern is compared to the a priori specifications of construct that was developed from the literature review; and that of linking the data to the observations (pattern matching). Because a triangulated approach was used, the data from one approach was compared with the data from another.

In this study, an iterative explanation building process, reflecting that described by Yin (2003) is followed and the initial case compared to the a priori specifications of construct. This construct was then revised to reflect the findings from the comparison and repeated until a consistent explanation is arrived at for the case.
The tactic of addressing rival explanations requires the development of theoretical propositions with mutually exclusive patterns of independent variables, which if shown to be valid, preclude other explanations (Yin 2003). In this study, the process of finding a credible explanation involved an iterative process of developing and testing the robustness of the variable theories (stewardship, agency, stakeholder) to the leadership and governance practices of the board.

4.9.4 External Validity

Yin (2003) describes ‘external validity’ as the extent to which the particular set of results generated by a study is generalisable beyond that study. The concept is relevant to case studies as they rely on analytical generalisation as opposed to statistical generalisation.

As replication was achieved across a sample of RACOs that are similar in terms of their not-for-profit status, structure and operations, and aged care environment, the findings are generalisable to similar RACOs. Further work will be required to establish conditions under which the findings of the study can be generalised to for-profit RACOs that share some, but not all of the characteristics of the data centres in the sample.

4.9.5 Reliability

The purpose of reliability is to ensure if another researcher followed the same protocols he or she would achieve the same results, and secondly to minimise the errors and biases in the study, (Yin 2003).

Reliability is achieved, in this study, through thorough documentation of the research methodology as presented in the proceeding parts of this document, as suggested by Yin (2003).

The interview protocol, as discussed earlier, was designed to provide a guideline for the information sought. The same protocol was used in conducting all the interviews. NVivo®, the content analysis software, provides a rigorous method of managing qualitative data. It enables researchers to manage code, analyse and report on data. NVivo® provides an easy to follow chain of evidence.
4.9.10 Ethics Approval

The initial component of this research project was conducted according to the guidelines published by the Human Research Ethics Committee of Swinburne University of Technology.

An Application for Ethics Approval of a Research Protocol was submitted in March 2008. The Swinburne University of Technology, Faculty of Business and Enterprise Ethics Sub-Committee approved the application December 2008. On the 1st December 2010 candidature was transferred to the Entrepreneurship, Commercialisation and Innovation Institute at the University of Adelaide, Australia.

4.11 Summary

Having identified the research question for the focus of this thesis, namely:

“Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Facility to govern for sustainable resident valued services”?

The identification that ‘ageing’ is a complex and ‘wicked problem’ not given to linear styled solutions, that entrepreneurship is a dynamic not a static system, and is a holistic process that cannot be analyzed by reducing it to its individual parts suggested a methodology based primarily on qualitative studies rather than statistical procedures would be more appropriate.

Furthermore it was determined to use a purposeful sampling approach in order to research RACOs with a history and recognition for innovation in the provision of aged care by focusing on ‘best exemplars’ transforming opportunities into valued services. In effect the methodology seeks to study conditions, characteristics and motivations that can be identified with high performing ‘outliers’ in the general industry. The findings should elucidate theoretical underpinnings for entrepreneurial behaviour associated with performance.

Using validated cultural and innovation intensity instruments to measure performance, and semi structured interviews to assess the leadership perceptions this collected behavioural data is then available to compare with data from resident perceptions of valued care. The findings, analysis and discussion will continue in Chapters 5 and 6.
Importantly the test of construct, internal, and external validity for this proposed case study method on a purposeful sample of RACOs is positive and meets the requirements for reliability.
Chapter 5

MEASUREMENTS & FINDINGS

“If we want to create an organisation that is service driven, we need a strategy for getting there that is consistent with that intent”  Peter Block

5.1 Introduction

This chapter describes the measurement and findings. In 5.2 the process and results are described for pilot testing and validating the survey instruments used in the study. Section 5.3 identifies the motivations and intensity of sustained innovation. The characteristics identified with the opportunity culture and conditions associated with entrepreneurial/innovation processes are reported in 5.4. In 5.5 resident satisfaction is assessed and governance characteristics and mindset described in 5.6.

As discussed in chapter 4, data was collected from six purpose-selected Residential Aged Care Organisations (RACO). Participating organisations were selected on the basis of the existence of a professional board as the approved provider, Board understanding of innovation and social entrepreneurship, well-structured relations among the Board, CEO, and nursing staff, the occurrence of specific innovation initiatives at all levels in the organisation, commitment to assess resident satisfaction, and a history of successful accreditation. RACO Board governance, leadership and performance are examined in terms of four behaviour characteristics: strategic focus; team based structures; innovation practices; and resident focused values. These behaviour characteristics serve to define the types of opportunities that are acceptable with regard to an RACO’s social mission as well as the activities through which to exploit relevant opportunities and provide a framework for measurements to explore the research question - “Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Facility to govern for sustainable resident valued services”? In relation to entrepreneurial leadership and practice the data findings seeks to identify four entrepreneurial measures (Lumpkin et al. 2012) associated with socially sustainable aged care in Australia: 1) innovativeness (creative, unusual or novel...
solutions); 2) risk taking (committing significant resources to opportunities), 3) proactiveness (anticipating and acting in light of recognised opportunities) and 4) autonomy (independence to explore opportunities).

5.2 Pilot Study
5.2.1 Validation of instrument
Ireland et al. (2006), in their significant development of a ‘health audit’ for assessing organisation entrepreneurship and innovation, “provide a tool to determine the extent to which a firm is capable of fostering entrepreneurial behavior as the foundation for improvements in organizational performance. As a diagnostic tool, the audit is used across time to continuously assess a firm's readiness to engage in corporate entrepreneurship”. Importantly Ireland et al, (Ireland et al. 2006) assert “… innovation does not surface in an organizational vacuum. Indeed, employees throughout a firm who are engaging in entrepreneurial behaviour are the foundation for organizational innovation” (p 10).

In applying this dictum the Ireland et al. (2006) definitions are applied to the RACOs assessed in this study:

“corporate entrepreneurship is a process through which individuals in an established firm pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources. Entrepreneurial opportunities are situations in which new products (goods or services) can be sold at a price exceeding their cost of development, distribution and support. The degree of entrepreneurship indicates the extent to which an organization's efforts are innovative, risky, autonomous and proactive” (p10).

To validate the applicability of the ‘health audit’ for assessing how the conditions, characteristics and motivations impact entrepreneurial culture and innovation strategy and enable a board of an aged care facility to govern for sustainable resident valued services, it was decided to test the Ireland et al. (2006) audit on a pilot aged care facility which satisfied the requirements for inclusion in the purpose-selected sample described above.

5.2.2 Changed questions
Each questionnaire was designed to learn about how the Chair, CEO and DON of the RACO perceived their workplace and organization in a range of activities that relate to
the daily function of the aged care organisation. The original survey questions (Ireland et al. 2006) were designed to apply more specifically to manufacturing and technology organisations and it was necessary to adapt a number of questions to reflect a community service organisation.

The culture instrument consists of 78 Likert-style questions. The instrument has been shown to be psychometrically sound (Ireland et al., 2006, p 10) as a viable means for assessing areas requiring attention and improvement in order to reach the goals sought when using a corporate entrepreneurship strategy. This instrument was used to develop a profile of an organisation across the dimensions and internal climate variables consisting of:

- Management Support for Corporate Entrepreneurship and Innovation;
- 2 Work Discretion;
- 3) Rewards/Reinforcement;
- 4) Time Availability; and
- 5) Organizational Boundaries.

In this research a modified instrument, Social Entrepreneurship Conditions Instrument (SECI), (Appendix A4.1) is used in which the questions relating to: management support were adapted to reflect a social entrepreneurship and innovation perspective in an aged care facility together with work discretion and organisation boundaries. The innovation intensity instrument, Social Entrepreneurship Innovation Intensity (SEII), (Appendix A4.3) was similarly adapted.

Figure 5.1 shows the results from applying the SECI to Chair, CEO and DON of the pilot study RACO. Importantly the instrument effectively discriminates the dimensions and measures of internal culture for entrepreneurship and innovation for both the CEO and DON but except for the dimension of ‘management support’ the Chair failed to discriminate the other four dimensions.
5.2.3 Changes for Board application

A separate instrument, ‘Social Entrepreneurial/Innovation Conditions Instrument (Board)’ (Appendix A4.2), was adapted from Ireland et al. (2006) and Kuratko and Hornsby (2007) to reflect the strategic focus of the Board with questions rephrased to better facilitate the chair’s understanding of the dimensions of work discretion; rewards/reinforcement; time availability; and organizational boundaries. In all five cases studied this instrument has proven effective in discriminating the dimensions and measures of internal culture for entrepreneurship and innovation.

5.3 Degree of sustained innovation:

In assessing the Social Entrepreneurial & Innovation Intensity (SEII) of the five RACOs, the questionnaire (Appendix A4.3) was found to be appropriate to measuring the degree and frequency of innovation occurring in a social enterprise focused on services and product usage rather than product supply. The first 12 items measure the organisation’s degree of entrepreneurship (figure 5.2) and the 4 items associated with new service introductions and 5 items with new product introductions (figure 5.3) relate to the frequency of innovation (figure 5.3). Taken together these instrument measure the RACOs level of decision making, innovativeness, orientation to risk-
taking, autonomy and the degree to which it is proactive, and provide a reliable measurement of an organisation’s entrepreneurial/innovation intensity.

5.3.1 Innovativeness

Using the concept of Innovativeness (Lumpkin et al. 2012) as the seeking of creative, unusual or novel solutions to problems and needs, it is noted (Fig 5.2) that on the relevant items: ‘seeking of unusual or novel solutions (via the use of ‘ideas’ people)’; ‘high rate of new service introductions’; and ‘active search for opportunities’ both the chairman and CEO as the leadership team are at one – ‘strongly agreeing’ (level 5) with this concept of Innovativeness. At the delivery end of service DON agrees with ‘high rate of new service introductions’ but disagrees (level 2) with ‘seeking unusual or novel solutions’.
### Figure 5.2  Degree of Entrepreneurship/Innovation – Mean Values

#### 5.3.2 Risk Taking

Risk-taking involves the ‘willingness by key executives to commit significant resources to opportunities having a reasonable chance of failure as well as success (Lumpkin et al. 2012). In considering Figure 5.2 it is noted that the CEO agrees (level 4) with the concept of ‘risk taking when seizing and exploring growth opportunities’.

Furthermore this attitude is consistent with a neutral (level 3) ‘emphasis on proven services and avoidance of heavy avoidance of new service development costs’ and ‘cautious adjustment to problems’. This suggests risks are carefully calculated, yielding a robust understanding of potential gains and potential losses that could be associated with decisions to engage in entrepreneurship and innovation. In contrast, both Chair and DON disagree (level 2) with the CEO’s perception of risk taking and reinforce this approach in their ‘strong agreement’ to avoiding ‘heavy new service development costs’.
development costs’ and in a ‘cautious, pragmatic, step-at-a-time adjustments to problems’ to engaging in entrepreneurship and innovation. In particular the Chair ‘strongly agrees’ with the primary concern on stability and growth.

5.3.3 Proactiveness

In contrast to innovativeness and the organisation’s efforts to discover potential opportunities, proactiveness refers to an organisation’s efforts to anticipate, recognize and seize them. An examination of figure 5.2 identifies that all three levels of leadership are strongly ‘proactive’ in recognising and exploiting opportunities whether radical or incremental. The CEO strongly agrees (level 5) with all four dimensions of proactiveness in this survey: ‘active search for big opportunities’; ‘an emphasis on continuous improvement in methods of service delivery’; ‘growth as the dominant goal’; and ‘a high rate of new service introductions, compared to our competitors’. The Chair provides an almost identical perspective with less emphasis on ‘growth as the dominant goal’. Except for ‘disagreeing’ as to the focus on an active search for big opportunities, the DON agrees with the other three dimensions that align with an organisation being proactive.

5.3.4 Autonomy

Autonomy, or ‘the capability to act independently to explore opportunities’ and carry them through to completion (Lumpkin, Cogliser and Schneider, forthcoming), or “that individuals and teams have the ability to make decisions and take actions without being hindered by the organizational constraints or strategic norms that often impede progress” (Lumpkin, Brigham and Moss, 2010, p 11). In respect of the leadership being either ‘agreeing’ or ‘strongly agreeing’ with the dimensions: ‘of seeking of unusual, novel solutions by senior executives to problems via the use of "idea people" and brainstorming’; ‘a top management philosophy that emphasises proven services, and the avoidance of heavy new service development costs’; and ‘growth as the dominant goal’, it is revealing to compare these perspectives with those associated with ‘work discretion’ as measured in appendix A4.1 and reported in figure 5.7. Within the measures of overall entrepreneurial culture associated with provision of ‘work discretion’ it is reported that the organisations have a high level of independence when operating outside the usual work routines and practices in exploiting change and new opportunities. In particular the CEO strongly agrees with
the perceptions ‘I have much autonomy on my job and am left on my own to do my own work’; ‘this organization provides the chance for me to be creative and try my own methods of doing the job’; and ‘this organization provides the chance for me to do something that makes use of my abilities’ (appendix A4.1). Significantly DON ‘agrees’ (level 4) with these perceptions of autonomy.

### 5.3.5 Competitive aggressiveness

The dimension of ‘competitive aggressiveness’ refers to a organisation’s efforts to outperform its rivals. Such behaviour is often characterized by a ‘combative posture or an aggressive response aimed at overcoming threats in a competitive marketplace’ (Miller and Camp 1985; D’Aveni 1994). In the cases reported in this study both the chair and DON ‘strongly agreed’ (level 5) with the response of a "live and let live" philosophy in dealing with competitors. The CEO response was neutral. Given that aggressiveness can be costly and tactics, such as price cutting or increasing marketing efforts appear to be less practiced in the not-for-profit aged care industry, this dimension is no longer included in discussion of the organisation’s ‘degree of sustained innovation’.
5.3.6 Intensity of new services innovation

![Diagram showing frequency of introduced new service innovations]

**Figure 5.3 Frequency of Introduced New Service Innovations – Mean**

In measuring the frequency of organisation entrepreneurship intensity or innovation activity it is important to recognise the strong service environment of an aged care facility. As a consequence of the highly regulated quality control requirements in the aged care industry, the industry is not perceived as a major creator of new products or services when compared to digital and high technology industries. However, as included in Appendix A4.1, a number of questions are asked that seek to evaluate the organisation’s record in introducing new services or new product combinations that facilitate improved performance, add to financial efficiency and enhance resident lifestyle and expectations.

The mean number of new services introduced to the five aged care facilities, during the past two years, was 5. An overview of these new service introductions to the facility (with a focus on the resident) is provided in figure 5.3. Importantly, ‘significantly more’ (level 5) new service introductions, of which some could be considered radical, were added which did not previously exist in the facility although some had existed in
the industry. Another factor contributing to innovation intensity is the general commitment (level 3) to incrementally improve services in the facility (‘services significantly revised or improved in the past two years’).

5.3.7 Intensity of new product innovation

![Figure 5.4 Frequency of Introduced New Product Innovations – Mean](image)

Each of the five facilities demonstrates a continued commitment to introducing innovations based on new products (Fig. 5.4). In particular, as with services, the leadership is conscious of the importance of increasing incremental innovation (level 4) and need to support radical introductions of new products within the facility (level 3) as expressed by ‘new related products not previously existing in the facility’ and seeking ‘new related product introductions not previously existent in the industry’.

The frequency of the latter attitude, though small in absolute terms, is indicative of organisations with a commitment to sustained innovation.
5.3.8 Radical innovation-Case Example

An example of creating sustainable radical innovation in conformity to the model, Figure 4.1, is provided using an innovation case example from Data Centre 2. The Board and CEO’s strategic vision was to embark on a five-year plan to double the organisation in size and continue to provide resident valued living. Such ambitious growth impacts on all functions associated with providing basic maintenance of services, achieving compliance with accreditation standards and seeking to increase efficiencies. In particular Data Centre 2 saw an opportunity for radical innovation in meeting their staffing requirements. The CEO, states “we have an ageing workforce, with the average staff member working 42 hours per fortnight and with a culture in which aged care work is not the highest priority.”

Such a scenario needed to be realized within an environment characterised by a low unemployment rate of 2.4 per cent (national average 4.4 per cent in 2007), high salaries offered by the public service, and other aged care providers being established with a demand for skilled aged care workers. Within this turbulent environment the CEO asked “Where is the staff for Data Centre 2 going to come from?” “With an ageing workforce we need to attract younger staff into the industry.”

The management group identified the entrepreneurial opportunity as a challenge to recruit highly trained, competent staff, who know what they are doing, who are reliable and who come to work effectively.

In contrast to the past, the CEO articulated the new philosophy “Invest in a permanent workforce in whom there are no casual staff or agency supply staff.”

Research by Data Centre 2 into employee motivators versus what employers think motivates staff (Table 1) provides the framework for an innovative recruitment process offering a total package which addresses the employee motivations of the generation Y population who are less than twenty-seven years of age. They have very different values to the existing Baby Boomers and have many work options from which to choose. Analysis of table 1 resulted in developing an innovative approach to staffing in aged care. “To attract good quality staff and retain our existing quality staff we should embark on an employee of choice strategy.”
<table>
<thead>
<tr>
<th>What Employees Want</th>
<th>What Supervisors Thought</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interesting work</td>
<td>Good wages</td>
</tr>
<tr>
<td>Full appreciation of work done</td>
<td>Job security</td>
</tr>
<tr>
<td>Feeling of being ‘in’ on things</td>
<td>Promotion and growth</td>
</tr>
<tr>
<td>Job security</td>
<td>Good working conditions</td>
</tr>
<tr>
<td>Good wages</td>
<td>Interesting work</td>
</tr>
<tr>
<td>Promotion and growth</td>
<td>Personal loyalty to employees</td>
</tr>
<tr>
<td>Good working conditions</td>
<td>Tactful disciplining</td>
</tr>
<tr>
<td>Personal loyalty to employees</td>
<td>Full appreciation of work done</td>
</tr>
<tr>
<td>Tactful disciplining</td>
<td>Help with personal problems</td>
</tr>
<tr>
<td>Help with personal problems</td>
<td>Feeling of being ‘in’ on things</td>
</tr>
</tbody>
</table>

Table 5.1, Motivators of staff satisfaction, (Data Centre 2, 2008)

The resulting certified staffing agreement included a number of innovations to deliver: “Better pay conditions; leave benefits; personal benefits; educational benefits; extra mural benefits; and changed management attitudes that support staff development and team work.” Outcomes, based on the 2007 and 2008 staff satisfaction surveys show that of the eighteen satisfaction measures tested in 2007, seventeen were significantly improved in 2008. Between May 2007 and September, 2008, the average age of staff in the four facilities of Data Centre 2 fell from 44 to 42 years with increased skill levels and a reduction in turnover rates. Such a transition, based on innovative management practices provides the stewardship in leading Data Centre 2 that enhances the propensity to survive as an organisation and grow in the competitive environment.

5.4 Opportunity culture and social entrepreneurship/Innovation:

As discussed in chapter 3, organisational characteristics and individual leadership characteristics have a major impact on entrepreneurial culture and innovation performance. To further understand the overall culture, the results from measurements using the Social Entrepreneurship Conditions Instrument (appendix A4.1 and A4.2) provides an insight into the internal conditions within the organisation and that supports entrepreneurial behaviour and the use of a social entrepreneurship strategy.
Five measures are used to measure the conditions that facilitate entrepreneurial and innovation culture. These are management support, work discretion, reward reinforcement, time availability, and organization boundaries.

### 5.4.1 Characteristics – leadership profiles – Content analysis

Using content analysis of the semi-structured interviews (Interview protocol appendix A4.7), figure 5.5 reveals a number of entrepreneurial & innovation leadership team characteristics that are associated with the culture, strategy and performance in the delivery of resident focused services within the five aged care facilities. Of particular note is the strong commitment of the leadership team to ‘trust/integrity’ ‘change culture’, ‘opportunity focus’, ‘community focus’, ‘resident focus’, ‘board involvement’ and ‘innovative strategy’. By contrast, the team shows low awareness in delivering ‘innovative rewards’ and acceptance of ‘failure tolerance’.

![Figure 5.5 Leadership Team Characteristics – Mean of 5 Facilities](image)

**Figure 5.5 Leadership Team Characteristics – Mean of 5 Facilities**

Following the use of procedures to reduce researcher bias (Section 4.6) in allocating interview words and comments to the above ‘meaning units’, discussion of these
findings (chapter 6) will include a free use of quotations from the interviewees to support both the measured incidence in the transcripts and their significance to understanding the characteristics and motivations of sustainable commitment to resident valued services.

5.4.2 Characteristics of Chair, CEO and DON – Content analysis

Figure 5.6 assesses the individual characteristics of each of the Chair, CEO and DON for dimensions identified through the NVivo content analysis and having the highest levels of incidence in the analysed transcripts.

![Figure 5.6 Individual Leadership Characteristics – Mean values for five facilities](image)

The results are presented as a mean value of the incidence counts for each of Chair, CEO and DON from the five facilities. Significantly the profiles of each leader reflect a similar profile across the dimensions albeit that of DON is consistently low except
for ‘leadership (amongst care staff)’, ‘team culture’ and ‘innovative rewards’ which are consistently higher.

In regard to a characteristic approach to ‘failure tolerance’ both the Chair and DON measured a zero characteristic with the CEO indicating a significant level at 6.

In each dimension for ‘change culture’, ‘innovation strategy’, ‘opportunity focus’, ‘challenge focus’, ‘innovative resourcing’, ‘challenge focus’ and ‘leadership (board/CEO)’ the Chair demonstrated the leading index amongst the team. Significantly the CEO was generally second to the Chair in demonstrating these characteristics.

Measurement of the relevant characteristics concerning ‘trust/respect’, ‘resident focus’, ‘community focus’, and ‘training /development’ show the CEO recording the highest levels of the three leaders. The implications of these characteristics in leading and managing an entrepreneurial/ innovative RACO, together with the characteristics identified from the Board audit survey in Figures 5.9 and 5.10, (section 5.6) and will be explored in chapter 6.

5.4.3 Conditions – organisation audit survey
As discussed in chapter 4.6 the Social Entrepreneurship Conditions Instruments (SECI) (Appendix A4.1 and A4.2) was developed around five factors found to be antecedents to corporate entrepreneurship (Ireland et al. 2006). These antecedents: management support, work discretion, reward potential, time availability and organisation boundaries provides an insight into how the respondents perceive their workplace and organisation and how the aged care facility has developed to achieve the current level of entrepreneurial intensity. Such measures reflect the prevailing conditions within the organisation and which are associated with effective innovation. Importantly, the SECI is used to assess, evaluate and manage the organisation’s current internal work environment in ways that support entrepreneurial behaviour and the use of a social entrepreneurial strategy. In each of the five cases the Chair, CEO and DON were each asked to identify parts of the firm's structure, control systems, human resource management systems, and culture that inhibit and parts that facilitate entrepreneurial and innovative behaviour as the foundation for successfully implementing a sustainable social entrepreneur/innovative aged care facility. The results of this audit are reported in Figure 5.7.
Figure 5.7 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour-Mean values

Figure 5.7 shows the SECI profile for the five aged care organisations (means) in terms of the five antecedent measures and as a function of the innovation perceptions of each leader/manager with a maximum scale of five. Individual SECI profiles of each organisation (including Pilot case) are shown in Appendix A5.1. The findings are reported in terms of each antecedent and the impact of the prevailing conditions:

**Management support.** Both Chair and CEO exhibit a strong willingness to facilitate and promote entrepreneurial behaviour; including the championing of innovative ideas: e.g. question #3 *In our organization, developing one's own ideas is encouraged for the improvement of the corporation* – level 4; and providing the resources people require, e.g. question#10 *Money is often available to get new project ideas off the ground level 4.* Importantly DON indicates real support for delivering such behaviour at the operational level;
**Work discretion/autonomy.** In terms of this antecedent only the CEO shows a commitment to tolerate failure (Fig 5.6) but both the CEO and DON provide decision-making latitude and freedom from excessive oversight e.g. question#22 *this organization provides the freedom for me to use my own judgment* – level 4; and to delegate authority and responsibility question# 28 *I have much autonomy on my job and am left on my own to do my own work* - level 4) to middle- and lower-level managers. This is the only dimension in which the Chair has a low index relevant to the leadership team and reflects a ‘distance’ from operational decision making and behavioural management responsibilities (it is basically a staff member’s own responsibility to decide how their job gets done – level 2);

**Reward Reinforcement.** All three levels of leadership show a strong commitment to developing and using systems that reinforce entrepreneurial behaviour, highlighting significant achievements and encouraging pursuit of challenging work e.g. question #31 *the rewards I receive are dependent upon my innovation on the job* - level 4), question # 32 *The person I report to gives me special recognition to the staff member if my work performance is especially good* – level 5);

**Time availability** Ireland et al. (2006) assess ‘time availability’ in terms of “evaluating workloads to ensure that individuals and groups have the time needed to pursue innovations and that their jobs are structured in ways that support efforts to achieve short- and long-term organizational goals”. This being so, it is significant that both CEO and DON rate facility performance at a medium level whereas the Chair perceives that the provision of time availability within the organisation is high. Such a finding is observed in answers to questions eg. – DON, # 36 *during the past three months, my work load kept me from spending time on developing new ideas* - level 4),or #41 *my co-workers and I always find time for long-term problem solving* – level 2) and CEO, # 40 *I feel that I am always working with time constraints on my job* – level 4). In contrast the Chair responded # 40 *during the past three months, my work load kept me from spending time on developing new strategic directions* – level 2) and may reflect the separation of Board and operational management;
Organizational boundaries. Within the SECI instrument the questions that comprise this aspect of organisational internal environment include, e.g. question #47 *My job description clearly specifies the standards of performance on which my job is evaluated* – which was rated at level 2 indicating some uncertainty in regard to expectations for organizational work and development to evaluate, select and facilitate innovations. Significantly all three leaders perceive this capacity as the lowest in the five antecedents measured as illustrated in question # 46 *during the past year, the person I report to discusses my work performance with me frequently* – level 2, and question # 48 *I clearly know what level of contribution is expected from me in terms of creative input and amount, quality and timeliness of output* - level 3).

Taken together, the five antecedents identify the prevailing conditions for which an organisation’s culture supports entrepreneurship and innovation. This being so, it can be noted that all five RACOs have low levels of ‘time availability’ which suggests a need to review the time and support structures to facilitate innovation outcomes. Even more in need of review is the low rating of the current mechanisms for facilitating opportunity identification, evaluation and innovation practice across organisation structures and decision making processes. Opportunities for training and development will be discussed in the next chapter.

5.4.4 Trust conditions within culture

Stewardship, ‘holding in trust’, implies a direct relationship with the espoused values of the organisation and the perceived delivery of services. As shown in Figure 5.6, the characteristic of trust/respect within the internal environment of the RACO was strongly supported in the content analysis of the recorded interviews. To further assess this finding a the CEO of each facility studied was asked a series of questions listed in Table 5.2

Significantly those questions referring directly to the establishment of trust: within the work place; between employed staff; and support of organisational management were either agreed to or strongly agreed to as impacting on the capacity to behave innovatively. This finding is collaborated by the strong rejection of ‘we have too many levels of management’ and ‘rigid chains of command’. Interestingly the CEOs’ were
neutral when asked if ‘the organisation subscribes to the motto “if it ain’t broke, don’t fix it”’.

<table>
<thead>
<tr>
<th>Mean Responses by CEO</th>
<th>Strongly agree</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>This organisation definitely rewards employees who we trust to take calculated risks and innovate.</td>
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<td>This organisation tries hard to develop the creative potential of employees and establish mutual respect and trust.</td>
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<td>In this organisation, employees have a lot to say in how things are done</td>
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<tr>
<td>Ours is a culture that rewards tried and true</td>
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<tr>
<td>This is an organisation that celebrates innovative achievements</td>
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<tr>
<td>Innovation, risk taking and trust are core values of this organisation</td>
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<tr>
<td>The organisation’s environment encourages trust amongst staff in talking openly with others about ways to improve facility operations</td>
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<td></td>
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<tr>
<td>We have too many levels of management in this organisation</td>
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<tr>
<td>A rigid chain of command limits our ability to trust staff in experimenting with new ideas</td>
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<tr>
<td>Once budgets are finalised and accepted, they are difficult to revise</td>
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<tr>
<td>We have a culture that strongly discourages failure</td>
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<tr>
<td>This organisation subscribes to the motto “if it ain’t broke, don’t fix it”</td>
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</tbody>
</table>

Table 5.2 Trust related conditions as selected by CEO Mean values

5.5 Resident Satisfaction

A requirement for inclusion of each facility in this study was the practice of assessing a resident satisfaction process. Examination of these processes revealed a variety of approaches and questions that made an analysis somewhat difficult. The underlying concept for determining resident satisfaction in this study is the perception of the resident to identify with the concept “this is my Home”.

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Using inputs from each RACO facility survey of resident satisfaction the results were consolidated into a single listing (appendix A4.6) to gather an understanding of resident perceptions. It is noted that questions: *Do you personally feel this is your home?*—includes the measures of overall satisfaction, comfort, welcome, privacy and dignity, personal belongings, culture/spiritual, independence; *Is your medication well managed?* – includes the measures of medication, pain management; *Do you enjoy the activities available?* (Activities, garden, resident meeting) -- includes the measures of activities, garden, resident meeting; *Are the staff caring & helpful?* (Staff skills, personal care, overall care, safety, sleep) -- includes the measures of staff skills, personal care, overall care, safety, sleep; *Do you enjoy your meals?* (Food service, choice, quality) -- includes the measures of food service, choice, quality; *How long have you lived at facility?* -- includes the measures of length of stay.
activities available? – includes the measures of activities, garden, resident meeting; Are the staff caring & helpful? – includes the measures of staff skills, personal care, overall care, safety, sleep; and Do you enjoy your meals? – includes measures of food service, choice, quality.

On the simple measures of ‘do you personally feel this is your home?’ 98% expressed a positive sentiment (Figure 5.8) and 92% agreed ‘staffs are caring and helpful’. All other measures are high and appear consistent with the aged care facilities achieving outstanding levels of resident satisfaction.

5.6 Governance Characteristics (Chair and CEO)

5.6.1 Governance Characteristics (Chair) – Board Audit Survey
Key points in assessing governance characteristics include “the chair together with the CEO, symbolizes the values of the organisation”, “attitudes and behaviours that the chair and CEO exhibit may or may not represent the true value of the organisation but are likely to be seen to”, and “the two fundamental qualities of chairmanship, trust and integrity, emphasise the public face of the chairman” (Kakabadse et al.2008, p135). Assessment of such characteristics is critical to evaluating the entrepreneurial culture and innovation strategy that enable the Board of an Aged Care Facility to govern for sustainable resident valued services. Using data obtained from the completed questionnaire ‘chairman audit check’ (appendix A4.4), the following characteristics and findings are presented.

5.6.1 Personal qualities of Chairman,
Amongst the personal qualities strongly reported (figure 5.9) for the chair of the RACOs’ studied is that of ‘integrity’(very true) and followed closely by ‘is trustworthy’, ‘encourages challenge’, ‘takes a long term view’, and ‘acts as a role model for others’. Examination of fig. 5.6 (Content analysis from interviews) and figure 5.9 (data from audit survey) show significantly cross validation between the findings. This is particularly so in terms of trust/integrity, challenge focus, innovation strategy and leadership of Board.
Figure 5.9 Personal Characteristics of Chairman of Board – Mean value of five facilities

5.6.2 Concern for risk/opportunity

In terms of an organisation’s entrepreneurial culture, the Chai’s attitudes, characteristics and approach toward managing risk in the development of new opportunities leading the RACO towards achieving the agreed vision and strategy are highly significant. The audit results from appendix 4.4 and shown in figure 5.10 indicate that risk management ‘protocols’ and ‘thinking’ fully appreciated and implemented effectively. Such practice is recognised as a major means in developing and maintaining the organisation’s reputation for resident focus care.

Again the findings on the Chair’s approach to ‘exploit opportunities’, ‘drives the vision’ and ‘enabling organisation strategy’ is in full agreement with interview content as shown in figure 5.6.
Leadership in the organisation can be understood through consideration of Chair and CEO mind-sets. Such mind-sets can illustrate the leaders: ways of thinking; viewing the world; and actions that contribute to or militate against entrepreneurial behaviour. Using a profiling tool developed by Kakabadse & Kakabadse (2008), relevant audit responses are selected from appendices 4.4 and 4.5 and that satisfy the four dimensions that capture the chair or CEO ways of thinking and behaving. Such a ‘visioning map’ can be useful in reviewing the power of the chair and CEO to achieve the characteristics of ‘change culture’, ‘challenge focus’, opportunity focus’ ‘resident focus’ identified in Figure 5.6.

The four dimensions are: centeredness; behaviour orientation; interfacing; and cognition. Figure 5.11 shows these dimensions as four axes: centeredness axis –
extroverted/introverted; behaviour orientation axis – directive/consultative; interfacing axis – rationality/sensitivity; and cognition axis – creative/pragmatic. Individual profiles for each Data Centre are shown in Appendix Figs. A 5.7 – A 5.11.

![Diagram of Board/CEO Profiles and Mind-sets – Mean Values](image)

**Figure 5.11 Board/CEO Profiles and Mind-sets – Mean Values**

The specific index for each of the eight measures of the four dimensions is determined from a close inspection of appendices: A 4.1 and A 4.2 (SECI – CEO/DON and Board); A 4.3 (SEII – Innovation Intensity); A 4.4 and A 4.5 (CAUD – Chair audit and Vision profile). Fig 5.11 shows the mean values of the index for each measure of the 5 RACO cases.

*Centeredness* or how the chair/CEO leads their lives in association with the organisation illustrates that the chair is almost balanced in extroversion – introversion behaviour whereas the CEO is strongly extraverted.

*Behaviour orientation* reflects the chair/CEO approach to achieving focus and effective outcomes for the organisation. Fig 5.11 indicates that both Chair and CEO have a similar propensity toward consultative processes but the CEO is more directive.
and uses formal authority to manage the organisation. This result is consistent with the both individuals seeking to develop teamwork within strategic guidelines.

*Interfacing* or how individuals relate, interact, and cooperate (or not) across organisational and status boundaries is well captured in this study by assessing the Chair/CEO propensity towards rationality in decision making and of sensitivity to the views of others and the social care exercised by each RACO. Importantly the Chair is balanced in the exercise of decision making and seeks fair outcomes. By contrast the CEO appears to act strongly in exercising rational management practices within the organisation. Even so the overall examination of the survey returns indicates the CEO is well aware of the caring focus of the organisation and the capacity of staff employed to deliver real value outcomes.

*Cognition* refers to ways of knowing, forms of knowledge, or ways of instinctively seeing the surrounding world. Certain individuals are intuitive and often demonstrate very creative solutions to the problems faced in caring for the aged. In this research the CEO is identified as strongly creative, seeking opportunities to further to foster better practice and performance. Yet the same CEO is strongly pragmatic. Taken together the CEO is equally committed to deliver outcomes from innovation that are valued by the resident and add to the bottom line of the organisation. In contrast the Chair shows an aptitude for creativity but is significantly less pragmatic in dealing with activity within the organisation.

Overall the organisations can be categorised as having a mind-set where the Chair provides a balance to each of the dimensions and the CEO is leading through strong measures of creativity, extroversion, rationality and direction but with a counterbalance to being pragmatic.

**5.7 Summary**

Findings from the *cross management* surveys and semi-structured interviews demonstrate that behaviour characteristics and social performance of five purposefully selected RACOs’ are associated with an entrepreneurial orientation and innovation strategy. Each of the five cases exhibited strong innovativeness, proactiveness, and autonomy - and, to some extent, risk taking behaviours - but not competitive aggressiveness. Considering these measures in terms of the Board, CEO, and DON,
the five Boards exhibit strong strategic leadership to create an internal environment for sustainable innovation. Importantly, autonomy within an RACO’s profile provides a level of independence such that individuals and teams have the ability to make decisions to explore opportunities. The importance to an RACO of completing an innovation health audit appears to be in providing feedback that allows the Board, management, and care staff to understand the relevance of innovation intensity to the provision of resident valued services. Such findings inform RACOs about the importance of developing appropriate training interventions that develop an entrepreneurial culture and innovation intensity that lead to improved resident valued care.
Chapter 6

DISCUSSION

“Leadership is about service, it is not about self. You need an ego to command because you need that inner strength, but as soon as you start commanding for your ego you are in the wrong place”.

General David Hurley, CDF, Australia 2011

6.1 Introduction

This chapter seeks to explore the research question by firstly discussing the conditions, 6.3, associated with the RACO internal entrepreneurial/innovation culture. Section 6.33 introduces a complexity theory to understand this relationship of ‘management support’ to ‘performance’. Secondly, in 6.4, the associated characteristics and leadership style are discussed with particular attention to ‘trust’. Application of stewardship theory is considered in section 6.5. The third factor of motivation is discussed in terms of entrepreneurial orientation, 6.6. The components of governance, resident values, and sustained performance are discussed in 6.7. Finally a dynamic and holistic model for RACO entrepreneurship and sustained innovation is presented in section 6.8

Chapter 5 has presented the results and findings from six purpose-selected Residential Aged Care Organisations (RACO). Participating organisations were selected on the basis of: the existence of a professional board as the approved provider; Board understanding of innovation and social entrepreneurship; well-structured relations among the Board, CEO, and DON (Director of Nursing); the occurrence of specific innovation initiatives at all levels in the organisation; a commitment to assess resident satisfaction; and a history of successful accreditation. Five survey screens were used to collect the data, namely:

1) Social Entrepreneurial/Innovation Conditions Instrument (App. 4.1/4.2);

2) Entrepreneurial/Innovation Intensity/Decision Making (App. 4.3);

3) Chairman Audit Check List (App. 4.4);

4) Chairman/CEO Visioning Mindset (App 4.5); and

5) Resident Focus (App.4.6).
As pointed out by Kuratko (personal communication, December 9, 2009), the major elements in the first two instruments measure the “perception” as expressed by the respondents. “In effect that ‘perception’ is what actually exists in the eyes of the respondents and thus drives or inhibits the implementation of entrepreneurial actions. That is the most important measurement”. In addition, measures of company characteristics and level of decision-making are used to compare the perspectives on entrepreneurship and innovation expressed by the different leaders/managers surveyed. The collected data and semi structured interviews are compared with five entrepreneurial orientations associated with governance, management and performance of socially sustainable elderly care in Australia:

1) Innovativeness (creative, unusual or novel solutions);
2) Risk taking (committing significant resources to opportunities),
3) Proactiveness (anticipating and acting in light of recognised opportunities),
4) Autonomy (the capability to act independently to explore opportunities) and
5) Governance (The behaviour and trust to achieve social mission).

Coombs, Morris, Allen and Webb (2011) reported a significant relationship between a board’s behavioural orientation, the NPOs’ entrepreneurial orientation, and both social and financial performance. Chapter 5 identifies these behaviour orientations in the sample RACOs, and the types of opportunities that are acceptable to an RACO’s social mission, and the activities or outcomes to exploit these relevant opportunities.

With this brief background, the research question - *Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Organisation to govern for sustainable resident valued services* - is discussed against a construct (Fig. 6.1) in which the entrepreneurial/innovation behaviours within the RACO are derived from the ‘health audit survey’, performance assessments, and structured interviews on ‘entrepreneurial orientation’, and relevant leadership profiles (blue circles).

Triangulation of the derived entrepreneurial/innovation behaviours and performance outcomes provides the construct to discuss a strategic model that
enables the Board of a RACO to govern for sustainable resident valued services.

![Diagram](image)

**Figure 6.1 The Relationship of RACO Governance and Culture to Entrepreneurial Behaviour and Resident Values.**

### 6.2 Contextual

How can a contextualized view on entrepreneurship add to our knowledge of social entrepreneurship? The call for considering context in entrepreneurship research is not new and there is growing recognition that economic & social behavior can be better understood within its context(s) (Low & MacMillan, 1988), be that the social (Granovetter, 1985), spatial (Katz & Steyaert, 2004) or institutional (Polanyi, 1957) and societal (Weber, 1984).

Gartner (1995, p. 70) prompts entrepreneurship research to acknowledge the context in which entrepreneurship takes place, as observers "have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors when making judgments about the behaviour of other individuals." Baumol
and Blinder (2008) draws attention to the fact that the rules for entrepreneurship "do change dramatically from one time and place to another."

As reviewed in chapter 4 the overall context of a society being responsible and caring for the aged in the community is portrayed as a ‘Wicked Problem’, one that is complex, multidimensional and non-linear without specific solutions. It is within this context the findings of Chapter 5 are discussed as a series of observations and measurements from a purposefully selected sample of RACOs.

An important antecedent to this discussion is the belief that virtually all participants in the provision of valued and quality care services in a RACO have the innate potential to behave entrepreneurially and innovatively. Ireland, Kuratko and Morris (2006a) support this belief from their study of corporate entrepreneurship in product based organisations. From their research, Ireland et al. (2006a) identify two perspectives:

1) Based on our experiences with organizations, we believe that the interactive conditions generated amongst organizational characteristics, individual characteristics and some kind of precipitating event in the firm’s internal work environment and external environment are the precursors of corporate entrepreneurship in organizations. We label these conditions and events “triggers.”, and
2) “a top level managers’ job is to create a work environment that is highly conducive to entrepreneurship and entrepreneurial behaviours. (p13)

6.3 Internal Culture of Entrepreneurship and Innovation

6.3.1 Entrepreneurial Culture - Conditions

To discuss these perspectives in relation to the research question, it is proposed to assess the prevailing conditions and work environment within the selected RACOs by considering the performance of the Board, CEO and DON in developing an entrepreneurial culture of – opportunity identification, innovation for needs based business concepts, and acceptance of change management through the data gathered by the ‘Health Audit’, personal interviews and relevant theoretical understandings.

The adapted health audit (Appendix 4.1/4.2), incorporates the recognition of the personal challenge, ambiguity and stress to behaving entrepreneurially in creating and
sustaining the internal work environment, and the need for the organisation to establish workplace conditions where all individuals’ entrepreneurial potential is sought and nurtured and where organizational knowledge is widely shared. In establishing the source audit questions, Ireland et al. (2006a) used an organisation model comprising four critical design elements – structure, controls, human resource management systems, and culture (see Figure 4.3). According to Ireland et al. (2006b) corporate entrepreneurship flourishes when: an organization’s structure has a relatively small number of layers; organizational controls create value when they simultaneously provide the stability and flexibility for employees to behave innovatively; human resource management embraces creative and innovative behavior; accepts reasonable risk; uses a long-term orientation to evaluate innovation-based possibilities; focus on results; work cooperatively with others; tolerate ambiguity; organizational cultures (social energy that drives or fails to drive a firm) felt or experienced rather than described with words.

Ireland et al. (2006a) conclude

that successful corporate entrepreneurship strategies.....are more commonly achieved in firms with an entrepreneurial mindset. For us, an entrepreneurial mindset is a way of thinking about opportunities that surface in the firm’s external environment and the commitments, decisions, and actions necessary to pursue them, especially under conditions of uncertainty that commonly accompany rapid and significant environmental changes (p16).

In this study the “Health Audit” has been used as a tool to diagnose and address the extent to which an organization is capable of fostering sustainable entrepreneurial behavior as the path to improved performance. Importantly the instrument has been shown to be psychometrically sound (Ireland et al. 2006a) and as a viable means for assessing areas requiring attention and improvement in order to reach the goals sought when using a social entrepreneurship strategy. Specifically the instrument was developed around five factors that Ireland et al. (2006a) demonstrated were antecedents to corporate entrepreneurship. These antecedents are used here to develop a profile of each RACO across the dimensions and internal climate factors of:

1. Management support - this dimension provides a measure of the willingness of top-level managers to facilitate and promote entrepreneurial behaviour,
including the championing of innovative ideas and providing the resources people require behaving entrepreneurially.

2. Work discretion/autonomy - the components of this measure assess a top-level managers’ commitment to tolerate failure, provide decision-making latitude and freedom from excessive oversight and to delegate authority and responsibility to middle and lower-level managers.

3. Reward reinforcement - seeks to assess the development and use of systems that reinforce entrepreneurial behavior, highlight significant achievements and encourage pursuit of challenging work.

4. Time availability – considers the means of evaluating workloads to ensure that individuals and groups have the time needed to pursue innovations and that their jobs are structured in ways that support efforts to achieve short- and long-term organizational goals.

5. Organizational boundaries – assess the degree of effectiveness in management providing precise explanations of outcomes expected from organizational work and development of mechanisms for evaluating, selecting and using innovations.
Figure 5.7 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour- Mean values

Using these understandings of the dimensions reported in the Social Entrepreneurship Conditions Instrument (SECI) (Fig. 5.7), the following discussion seeks to gain an insight into how the respondents perceive (maximum value of 5) conditions within their workplace and organisation and how the aged care facility has developed to achieve the current level of entrepreneurial culture. Overall the performance across the five RACOs indicates a strong and sustained commitment to an entrepreneurial behaviour and an environment that facilitates innovative activity amongst staff.

One DON comments:

One of the things I was going to say regarding innovation - entrepreneurship and – ‘internal culture’ is the time availability because we are a very lean organisation and a lot of things are driven from this level trying to support innovation down to the other levels.

(Data Centre 5)

Whereas a CEO comments:
This new project really changes the domain of how we have been seeing ourselves rather than just being an aged care centre, just sitting in a geographic area the notion behind this model is a community within a community. So, there is a different dynamic ..........realigning the business for what are the market pressures that are about to hit us from the consumer segment. (Data Centre 3)

Significantly the profiles for the CEO and DON are in lock step for each of the five measures, albeit the DON having a slightly lower perception to that of the CEO. By contrast to the perceptions of the CEO, the Chair of the Board is more variable to those identified with management leaders. The chair has an equal perception to the CEO/DON in evaluating and promoting entrepreneurial behaviour, including the championing of innovative ideas through ‘management support’. But enhanced perceptions to the CEO are indicated for dimensions of ‘reward reinforcement’ and ‘organisation boundaries’ with a significantly high perception of ‘time availability’ for innovative activity in the organisation.

Typically the chair of the Board comments:

In terms of innovation the biggest road block to innovation for us is the system as it exists. I mean the aged care system as it exists in Australia is highly stifling. It does is not allow for a huge amount of innovation. (Data Centre 3)

These results, taken together, indicate the management team of CEO and DON provide a strong commitment to establishing a dynamic entrepreneurial/innovative culture within the RACOs studied. Of interest are the somewhat lower levels of perceptions for the dimensions of ‘time availability’ and ‘organisation boundaries’ (Fig. 5.7). By contrast, the dimensions measured for the chair of the Board, highlight significant differences in perceptions of the RACO culture. In particular the chair considers that ‘time availability’ to pursue innovations and achieve short- and long-term organizational goals is high. This difference is most likely explained as arising from the Board’s remoteness from the reality of the heavy involvement of staff in caring and managing the continuing needs of the residents. The consistently medium measure for ‘organisation boundaries’ by all three leaders indicates a lack of precise explanations of outcomes and practices expected in working across organizational groups for the development of mechanisms for evaluating, selecting and using innovations within the organisation’. These medium scores suggest the need for training and development activities to further enhance the RACO’s
capacity for entrepreneurial behavior and successful innovation strategies. However it is clear that all three levels of leadership perceive a strong culture for entrepreneurship and innovation behaviour as perceived through ‘management support’, ‘work discretion’ and ‘reward reinforcement’. These perceptions are best recognised from comments made by the leaders themselves:

In reference to ‘management support’ the CEO of data centre 2 comments;

We have a strong base in terms of management support systems, running the tension between being bureaucratic and organic and having achieved a fair bit, probably more than many of our competitors in this space. Considering how lean we are as a structure and from my perspective the leanness of our business is both a positive and a negative. The positive being that this team is a high performing team classified by a 360deg performance. But the downside to that is everything hangs off the team. We have been trying to push innovation and ownership down through the business.

Associated with the opportunity for ‘work discretion’ the DON of data centre 5 describes, “discussion of innovation is associated with giving freedom to a really good team and we can bounce ideas and solutions off each other”.

On the topic of ‘reward reinforcement’ the Chair of data centre 4 considers;

Because the culture comes off our staff knowing that they can get on with what they need to get on with and at the same time knowing they are working in an organisation and where appropriate we will reward them for innovative contributions, but at the same time with high accountability.

Given the context and nature for delivery of aged care services, the excessive and continuing stress from meeting government regulations and quality audits, the impact from limited access to financial resources and difficulties in recruiting quality staff, and managing such an organisational environment to deliver a sustainable innovation culture is a challenge. When taken together with the provision of resident valued services, strong evidence is presented of the conditions necessary to develop a sustainable culture in the RACOs. This aspect is further considered in the section below on complexity theory.
6.3.2 Entrepreneurship and Innovation Intensity - Conditions

The fundamental role of value added innovation to organisations committed to a sustainable process of entrepreneurship is well established (Ireland et al. 2006a &b, Covin and Slevin 1989, Wiklund and Shepherd 2005, Morris et al. 2007, 2011, Lumpkin et al. 2012). Such processes are achieved in social organisations when individuals experience support to pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources (Austin et al. 2006).

In assessing the Social Entrepreneurial & Innovation Intensity (SEII) of the five RACOs, the questionnaire (Appendix A4.3) was found to be appropriate to measuring the degree and frequency of entrepreneurship occurring in a RACO focused on services and product usage rather than product supply. The 12 items listed in Fig. 5.2 measure the RACO’s degree or intensity of entrepreneurship, the 4 items associated with new service introductions (Fig. 5.3) and 4 items with new product introductions (figure 5.4) relate to the frequency (intensity) of innovation. In addition these items and their measured values provide an insight into the decision making behaviours of the RACO.

Ireland et al. (2006b) also observed that high levels of entrepreneurial intensity were associated with high performing companies (using both financial and non-financial performance measures), and the relationship appears to be the strongest for firms competing in highly turbulent industries.
However, Ireland et al. (2006b) are not suggesting that higher levels of entrepreneurial intensity are always desirable and that ever-increasing amounts of entrepreneurial intensity will always result in superior firm performance. In contrast, our work with firms competing in different industries suggests that performance is enhanced when a firm’s entrepreneurial intensity exceeds the industry average. In this context, our experience leads us to believe that firms should view the pursuit of entrepreneurial intensity in relative rather than absolute terms, in that there is no absolute standard of entrepreneurial intensity that organizations should seek to develop (p24).

It is highly likely that by selecting only RACOs for this study with acknowledged reputations and innovative behaviour that the relative intensity profiles discussed will be above the average innovation intensity for a RACO within the aged care industry.

In addition, further examination of these results provides an insight into the RACO’s level of decision making in which such entrepreneurial orientation (EO)
dimensions of innovativeness, orientation to risk-taking, autonomy, the degree of proactiveness and governance can be deduced. This examination will be discussed in section 6.5 where these dimensions of EO are aligned with the identified motivations associated with delivering an entrepreneurial culture and innovation strategy that enables the RACO Board to govern for sustainable resident valued services.

a. Innovation Conditions

Using the concept of Innovativeness (Ireland et al. 2006, p 10) as “the seeking of creative, unusual or novel solutions to problems and needs”, it is noted (Fig 5.2) that the CEO strongly agrees with the following conditions within the RACO: ‘seeking of unusual or novel solutions (via the use of ‘ideas’ people)’; ‘growth as the dominant goal’; ‘big opportunities’; ‘continuous improvement’; and ‘high rate of new services introduction’ to drive innovation behaviour. This practice and strategy exhibited by the CEO is strongly endorsed by the Chair of the Board. At the operational level of the service the DON perceives a higher emphasis on: ‘proven services’; an attitude of ‘live and let live’ to competition; and with support for ‘stability’; ‘growth’; ‘pragmatism’; ‘continuous improvement’ and ‘new service introductions’. In summary the 5 RACOs show a very highly developed commitment and practice to achieving an innovative culture within the strategic framework of residential aged care.

b. Service Introductions

A primary measure of the RACO conditions contributing to a functioning innovative culture is the level of new innovative service and service delivery systems introduced over the last two years and that facilitates improved performance, adds to financial efficiency and enhances resident lifestyle and expectations. This measure is highly significant for an industry which is subject to punitive regulatory control and severe quality audits and an industry not recognised as a major creator of new products or services when compared to digital and high technology industries. Significantly the mean number of new services introduced to the five RACOs’ in this study, during the past two years, was 5. An overview of these new service introductions to the facility (with a focus on the resident) is provided in figure 5.3. Importantly, ‘significantly more’ (level 5) new service introductions, of which some could be considered radical,
were added which did not previously exist in the facility although some had existed in

![Figure 5.3 Frequency of Introduced New Service Innovations – Mean](image)

the industry. The DON (data centre 4) identified the following radical innovation
developed from seeking to meet a resident’s dietary need:

we have a relatively new resident come in and within our food services, which is a good service,- the resident’s, daughter believed we just
couldn’t get it right for her mother’s taste– so we developed a whole system with the daughter. We have the menus emailed to her so she can
select the menu, make the alterations that also fit in with what we are able to provide. She is now satisfied her mother is getting the things that are
best for her. A year or so ago we may not have really provided that
customized service but we have been able to now–even if it is a bit tricky.

The Chair (data centre 5) explains

And one of the initiatives we have undertaken has been to double the
budget on chaplaincy to relieve staff from the ‘long term conversations’ –
we have set up a criteria that for every facility with 80 beds or more there
will be a full time chaplain who will look after the psycho-social needs of
the people and then pro-rata … and it targets family members, staff and residents.
Another radical innovation is the Case study which is designed to improve the quality of staff recruitment and raise the whole RACO culture to improve overall resident service and efficiency (CEO, data centre 2) - “To attract good quality staff and retain our existing quality of staff we need to embark on an ‘employer of choice’ strategy.”

Another factor contributing to innovation intensity is the general commitment (level 3) to incrementally improve services in the facility ‘services significantly revised or improved in the past two years’.

c. Product Introductions

Each of the five RACOs (Fig. 5.4) demonstrates a continued commitment to introducing innovations based on product improvements and where appropriate new products. This commitment and associated support processes is most obvious for incremental innovation through product improvements or revisions. However the prevailing condition for innovation does provide support for introducing new products not previously in the facility and a readiness to develop an opportunity not previously in the industry. The frequency of the latter attitude, though small in absolute terms, is indicative of organisations with a commitment to sustained innovation.

An excellent example is provided by the CEO (data centre 4) as follows:

We won the occupational health and safety award a couple of years ago and employer of the year award for the state. We developed a lifting machine that can help change sheets in a person’s bed and also a lifting machine for overweight people. And, we won the better practice award for these developments. So, we have internal people who developed that – very simple, very innovative and now hospitals are using our equipment developments - so there is stuff like that we are doing. We are also introducing a new range of software to give us more live information so the staff mix can be adjusted to the client mix.

This development, along with two other examples of radical innovation, has been taken up by other RACOs in the aged care industry resulting in on-going enhancement to resident focused service.
Figure 5.4 Frequency of Introduced New Product Innovations – Mean

6.34 Applying Complexity Theory

To help understand the dynamics of this environment and develop elements for a strategic model of sustainable innovation in RACOs, aspects of complexity theory (or emergence of order) are discussed. Within the RACO the advent of change and emergence of order is not static and adaption to this change is unlikely to be linear and mechanistic (Besanko, Dranove and Shanley, 2000). The application of complexity theory to this advent of change treats organizations and firms as collections of strategies and structures or ‘agents’ for example, boards, managers, entrepreneurs, organisations, staff, residents, suppliers and family visitors. Davisson (2012) identifies such a network of agents as interacting and behaving according to a set of algorithmic rules over a defined period of time and suggests these can progress into a long-run structural order. In conformity with the concept of ‘order creation’, Davison (2012) states such order requires no design or overarching system-level rules and the system is said to be “self-organising”.

In applying this “self-organising” to social entrepreneurship, McKelvey, (2004)
defined such disequilibria dynamics as consisting of a small number of relatively simple and partially connected structures – they are more likely to adapt to their environment and, thus, survive and result in ‘order creation’.

Using simulation of this order creation, Davis, Eisenhardt & Bingham (2009, p5) found such methods were particularly useful for research focused on non-linear phenomenon. Using simulation of such nonlinear behaviour produced an inverted U-shaped relationship between the amount of structure (rules and process) and agent performance, a relationship often observed when tensions within a RACO are at work between increasing dynamism, opportunity intensity, minimum time window, and need for rules and process (D’Aveni, 1994).

Considering the applicability of the above to understanding the relationship of a complex environment to RACO performance, and using the initial steps proposed by Davisson (2012, p3), a pilot assessment for the presence of an inverted U-type shaped relationship is presented based on a network of agents for achieving an entrepreneurial culture and innovation strategy that enable the Board of a RACO to govern for sustainable resident valued services.

Step 1. The key agents which generate the RACO entrepreneurial environments, are: top level managers who provide entrepreneurial and innovation leadership and management support (Board chair, CEO, DON); the care-staff teams who deliver quality and effective service; the administration and financial management teams; outside government regulators and quality control groups; suppliers of purchased good and services; residents as users and existence of family support networks, are key to a sustainable and high performing RACO.

Step 2. Identification from an examination of the collected data from the health audit, suggests a number of related causal mechanisms, e.g.: organisational innovative behaviour is dependent on top level management support and facilitation of resources; autonomy to innovate is directly related to delegation of decision making nodes and a willingness to tolerate failure; personal recognition and reward reinforcement increases entrepreneurial performance; planned time availability in which to develop opportunities into effective outcomes is associated with sustainable entrepreneurial RACOs; and a culture that facilitates clarity in responsibility for innovative service/product developments, a tolerance to failure, an opportunity
focus, resident focus, and a commitment to a policy of innovation intensity. These mechanisms may be identified as a combination of entrepreneurial behaviours and goals, as well as indicative of environmental conditions and events.

Step 3. As a pilot assessment, one structural component of the Innovation Culture Audit (Fig. 5.7) is selected, namely-‘management support’. The relevant 19 questions (Appendix 4.1) are summed and scored using ‘strongly agree/agree’ =1 and ‘strongly disagree/disagree’ = 0 to indicate the perceived impact of ‘management support’ (proxy for structure) on each of the Chair, CEO and DON per RACO. Performance measures are derived from answers to Innovation Intensity (Appendix 4.3) questionnaire and moderated by any relevant words and phrases in the interview. In this assessment no attempt was made to code the responses for a computer simulation.

The exercise is to compare the generic ‘U-type’ shaped relationship between ‘management support’ and ‘organisation performance’ (Figure 6.2), with the results (shape) of the simulated complexity model produced by Davis et al. (2009). The Davis et al. (2009) result is indicative only on these axes. The results for the RACO indicate a potential ‘U-type’ relationship (taking note of mean value and distribution of individual values) between ‘management support’ and ‘innovation intensity’ (fig.6.2).

It is recognised that the results are from a small sample of five cases but each case demonstrates a high propensity for innovation and entrepreneurship commitment in aged care environments. If the theory developed by Davis et al. (2009) is applied to this study, then the aged care organisation would demonstrate a relationship between management support and innovation performance that is asymmetric suggesting: performance gradually fades with too much management support (interference) but drops catastrophically with too little. Davis et al. (2009: 39) argue that this unexpected asymmetry suggests “efficiency and flexibility are distinct functions that change increasingly slowly when structure is high. In contrast, efficiency and especially flexibility are changing more rapidly when structure is low, creating a more acute trade-off between efficiency and flexibility. The consequential implication is that it is safer to err on the side of too much structure (efficiency) than on the side of too little (flexibility)”.

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Figure 6.2 Relationship of Management Support to Innovation Intensity

The above findings indicate the need for greater insight into the interplay of such functions as structure, efficiency, and flexibility on innovation and entrepreneurship. However the indications embedded in fig. 6.2 strongly support the value of furthering research into the contribution of complexity theory to understanding the performance of aged care organisations. A future research program will be suggested in chapter 7.

Another important observation is that social mission actually prompts innovation. In this context, the complexity construct is particularly pertinent to innovation-emergence, which is associated with the arising of opportunities, novel services, novel products, novel structures, and novel properties in complex systems (Goldstein, 1999, 2006, 2007). Such emergence, as observed within the RACOs of this study, “enables social entrepreneurial projects to be added to the same set of characteristics typifying such emerging phenomena, namely, radical novelty, collectivity, unpredictability, and irreducibility to antecedent and lower level
components” (Goldstein et al., 2008, p 21). Such emergence of RACO innovation behaviour associated with social entrepreneurial ventures (section 6.32) is characterized by a leadership team and staff committed to combining existing structure and support with new ways of creating social value to gain an emergent outcome.

6.4 Leadership and Characteristics

Warren Bennis (1989, p140), in his book ‘On Becoming a Leader’, identifies, “vision, inspiration, empathy and trustworthiness” as key characteristics of effective leaders and adds “Managers are people who do things right, while leaders are people who do the right thing”. Much of the leadership literature includes as an implicit assumption the belief that positive characteristics can-and-should be encouraged and practiced by leaders.
6.4.1 The leadership team

![Graph showing leadership characteristics mean values for five facilities](image)

**Figure 5.6 Individual Leadership Characteristics – Mean values for five facilities**

Using content analysis of the semi-structured interview (interview protocol appendix A4.7) with each leader of the RACOs in this study (Fig. 5.6), and personal comments by members of the leadership team (Chair, CEO, DON), it is possible to argue that the more traditional characteristics found in autocratic and hierarchical models of leadership appear to be absent and the characteristics listed in Fig. 5.6 align more with a leadership and organisation style based on facilitating a relationship with others as in a stewardship model. Such stewardship (Davis, Schoorman, & Donaldson, 1997) seeks to involve others in decision making, is strongly based in ethical and caring behavior, and enhances the growth and performance of care-staff, while improving the
resident’s experienced value of the caring and quality of organizational life.

6.4.2 The CEO

Of particular note is the very high rating of ‘trust/respect’ as a factor in achieving sustainable innovation within each RACO. In each of the RACOs, the CEO rates ‘trust/respect’ as number one amongst a range of important characteristics considered significant e.g. ‘change culture’, ‘opportunity focus’, ‘community focus’, ‘resident focus’, ‘board involvement’ and ‘innovative strategy’.

So we will stand behind our managers, we will move mountains for the managers, we trust our managers/staff but at the same time we hold them accountable, don’t mind them making mistakes, there is a fine tension there – absolutely but don’t set yourselves for unfair criticisms if your judgment, mismanagement your sense tells you something else.”

(CEO, data centre 4)

This demonstrated characteristic of trust/respect within the internal environment of the RACO discussed above is also associated with the espoused values of the organisation and the perceived delivery of services as expressed in Table 5.2. Significantly those questions referring directly to the establishment of trust: - within the work place; between employed staff; and support of organisational management were either agreed to or strongly agreed to as impacting on the capacity to behave innovatively. This finding is collaborated by the rejection of ‘rigid chains of command’ and neutral on ‘levels of management in this organisation’ are about right. Interestingly the CEOs’ were neutral when asked if ‘the organisation subscribes to the motto “if it ain’t broke, don’t fix it”’.
This organisation definitely rewards employees who we trust to take calculated risks and innovate.

Table 5.2 Trust related conditions as selected by CEO Mean values

<table>
<thead>
<tr>
<th>Mean Responses by CEO</th>
<th>Strongly agree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This organisation tries hard to develop the creative potential of employees and establish mutual respect and trust.</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>In this organisation, employees have a lot to say in how things are done</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Ours is a culture that rewards tried and true</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>This is an organisation that celebrates innovative achievements</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Innovation, risk taking and trust are core values of this organisation</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>The organisation’s environment encourages trust amongst staff in talking openly with others about ways to improve facility operations</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>We have too many levels of management in this organisation</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>A rigid chain of command limits our ability to trust staff in experimenting with new ideas</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Once budgets are finalised and accepted, they are difficult to revise</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>We have a culture that strongly discourages failure</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>This organisation subscribes to the motto “if it ain’t broke, don’t fix it”</td>
<td></td>
<td>●</td>
</tr>
</tbody>
</table>

6.4.3 The Chairman of the Board

By way of comparison to the CEO, the chair rated ‘change culture’, ‘opportunity focuses, ‘trust/respect’ and ‘innovative strategy’ in the top four characteristics for leading a successful RACO.

The industry is moving it has changed, it was an industry back about 20 years and the industry was bring traded at 10,15, 20 thousand a bed. We had a facility in 2000 and the cost was 50K a bed, the last facility we built the cost was 150K a bed. The cost of the new facility could be 200K+ a bed. So, you see the model changing from an institutional model to a hotel style model. From a Florence Nightingale ward back 30+ years to single ensuite style facility. This is where the government is pushing change from one model to another model and yet not giving the resources. (Chair, data centre 4)
The results from the returned ‘chairman audit check’ (appendix A4.4), and reported in Fig. 5.9 indicate the chairmen of the RACOs studied strongly perceive their leadership is exercised with ‘integrity’ (very true) and followed closely by ‘is trustworthy’, ‘encourages challenge’, ‘takes a long term view’, and ‘acts as a role model for others’. In support of these perceptions the results from the content analysis of the individual interviews (Figure 5.6) show strong cross validation between the two findings. This is particularly so in terms of ‘trust/integrity’, ‘challenge focus’, ‘innovation strategy’ and ‘leadership of Board’.

**Figure 5.9 Personal Characteristics of Chairman of Board – Mean value of five facilities**

In addition to the personal characteristics of the Board Chair, and development and growth of an entrepreneurial culture in the RACO, is consideration of the Chair’s attitude, leadership and approach toward managing risk in the development of new opportunities/innovations to deliver on the agreed vision and strategies for recognised and valued services by the residents as stakeholders in the organisation. The audit results from appendix 4.4, and shown in figure 5.10, indicate ‘a very true’ level of agreement with the characteristics of ‘seeks and exploits opportunities’, ‘drives the vision’, ‘emphasises stakeholder values’, and ‘enhances awareness of organisation reputation’.
Figure 5.10 Risk/Opportunity Characteristics of Chairman of Board – Mean values

6.4.4 The Director of Nursing (DON)

Overall care operations in the RACOs are the responsibility of the Director of Nursing/Operations as DON, data centre 3 comments:

The reason we are sustainable, as verified by business excellence in the discipline, is our and understanding the merit of doing innovation, starting something and making it happen.

We don’t always get it right, we make mistakes we don’t overly care, but at the end of the day we don’t care how we get there so long as we are disciplined, continually pursuing point opportunity and a sense of knowing where the horizon is and aiming for and knowing we don’t always get it right.

Examination of Fig. 5.6, shows the individual leadership characteristics identified from the semi-structured interviews, indicates the presence of a tiered management
structure within the RACO. Except for ‘failure tolerance’, the DONs identified the same characteristics as Chair and CEO but at a lower level of intensity. Significantly, the DONs rated ‘leadership (care staff)’, ‘team culture’ and ‘innovator rewards’ with a greater degree of intensity to both the Chair and CEO. Such findings support the argument that the relationship between DON and the CEO/Chair within the RACO is based on trust with mutual respect between the levels of governance, executive management and operational management. Indeed the strong identification with ‘caring for staff’, ‘team culture’, ‘resident focus’, ‘community focus’, ‘training’ and an overall value of ‘trust’ at the operational level within the organisation indicates a strong commitment to living these values in the provision of sustainable resident valued services.

6.4.5 Board-Chairman/CEO Leadership Mindset and Characteristics

To gain an insight into the ‘mindset’ of the relationship between Board Chairman and CEO of a RACO, reference is made to the ‘visioning map’ (fig. 4.4) and the four

![Figure 5.11 Board/CEO Profiles and Mind-sets – Mean Values](image)

**Figure 5.11 Board/CEO Profiles and Mind-sets – Mean Values**

interactive dimensions, namely: centeredness; behaviour orientation; interfacing; and cognition and associated with delivering sustainable resident valued services.
Each dimension represents a continuum, (Figure 5.11) with each axis limited at each end by its polar opposites, namely: **interfacing axis** – rationality/sensitivity; **behaviour orientation axis** – directive/consultative; **cognition axis** – creative/pragmatic; and **centeredness axis** – extroverted/introverted.

Such a ‘visioning map’ can be useful in reviewing the mindset and values of the chair and, CEO to achieve the characteristics of ‘change culture’, ‘challenge focus’, opportunity focus’ ‘resident focus’ etc. identified in figure 5.6.

- **Interfacing** *(sensitivity-Rationality)* or how individuals relate, interact, and cooperate (or not) across organisational and status boundaries is well captured in this study by assessing the Chair/CEO propensity towards rationality in decision making or sensitivity to the views of others and the social care exercised by each RACO. Importantly the Chair is balanced in the exercise of decision making and seeks fair outcomes. By contrast the CEO appears to act strongly in exercising rational management practices within the organisation. Even so the overall examination of the survey returns indicates the CEO is well aware of the caring focus of the organisation and the capacity of staff employed to deliver real value outcomes.

- **Behaviour orientation** *(Consultative- Directive)* reflects the chair/CEO approach to achieving focus and effective outcomes for the organisation. Fig 5.11 indicates that both Chair and CEO have an equal propensity toward consultative processes but the CEO is more directive and uses formal authority to manage the organisation. This result is consistent with the both individuals seeking to develop teamwork within strategic guidelines.

- In terms of **Centeredness** *(introverted-Extroverted)* or how the chair/CEO leads their lives in association with the organisation illustrates that the chair is almost balanced in extroversion – introversion behaviour whereas the CEO is strongly extraverted. (Also evident in fig. 5.2 – degree of innovation and risk taking).

- **Cognition** *(Creative-Pragmatic)* refers to ways of knowing, forms of knowledge, or ways of instinctively seeing the surrounding world. Certain individuals are intuitive and often demonstrate very creative solutions to the problems faced in caring for the aged. In this research the CEO is identified as strongly creative, seeking opportunities to foster better practice and performance. Yet the same CEO is strongly pragmatic. These perspectives are also at play in the results presented in fig. 5.2 on
‘degree of entrepreneurship/innovation’. Taken together the CEO is equally committed to deliver outcomes from innovation that are valued by the resident and add to the bottom line of the organisation. In contrast the Chair shows an aptitude for creativity and equally expects a pragmatic outcome from activity within the organisation.

![Chair/CEO Board Leadership – RACOs verses Australian Companies](image)

**Figure 6.3 Chair/CEO Board Leadership – RACOs verses Australian Companies**

Overall the organisations can be categorised as having a mind-set where the Chair provides a balance to each of the dimensions with the CEO leading through strong measures of *creativity*, *extroversion*, *rationality* and *direction* but with a counterbalance to being *pragmatic*. It is noted that where the CEO scores lower on the dimensions of *consultation*, *sensitivity* and *introversion* the Chair is stronger confirming the characteristics discussed in section 6.43 as exercising leadership with ‘*integrity*’ (very true) and followed closely by ‘is *trustworthy*’, ‘*encourages challenge*’, ‘*takes a long term view*’, and ‘*acts as a role model for others*’.

The applicability of this profile can be seen (Figure 6.3) by comparing the contribution of the Chair and CEO to RACO leadership in delivering services compared with an Australia wide study of Chair and CEO performance of both NFP
and FP companies (A Kakabadse, personal communication, July 7, 2009). Both Chair and CEO of the RACOs in this study outperform the average performance in the Australian study on all dimensions, namely: ‘determine organisation strategy’; ‘drives the vision’; ‘enables understanding of organisation strategy’. It is also clear that commitment and understanding of vision and strategy are essential elements in overall organisation performance. Such a mindset is clearly integral to the leadership of the RACOs in this study and is critical to their vision of an entrepreneurial orientation and innovation culture within the organisation to deliver sustainable resident valued services.

6.5 Stewardship Theory

Consideration of the above leadership practices and values, and their impact on the resulting RACO culture, provides a platform for assessing the relevance and reality of stewardship theory with the observed leadership performance in providing valued and sustainable resident care services.

Based on the focus of this study into entrepreneurship, it is appropriate to consider stewardship as a theory where organizational managers and directors’ demonstrably act as responsible stewards of the assets available to deliver the mission of the organisation. For stewardship theory, managers seek other ends besides financial ones. These include a sense of worth, altruism, a good reputation, a job well done, a feeling of satisfaction and a sense of purpose. As reviewed in chapter 3, stewardship theory applied to not-for-profits holds that managers inherently seek to do a good job, optimize organisation financial performance and bring good benefits to stakeholders. The discussions above confirm that the relationship between DON and the CEO/Chair within the RACO is based on a culture of trust with mutual respect between the levels of governance, executive management and operational management. Indeed the strong identification with ‘caring for staff’, ‘team culture’, ‘resident focus’, ‘community focus’, ‘training’ and an overall value of ‘trust’ at the operational level within the organisation indicates a strong commitment to living these values in the provision of sustainable resident valued services. Trust refers to an individual’s willingness to be vulnerable to another party and the expectation that the interactive party will not behave opportunistically even when such behavior cannot be detected (Mayer, Davis, & Schoorman, 1995). Such stewardship (to hold in trust) is
commitment to the act of care/caring, the respect for humanity for those who are vulnerable and recognising that care is delivered in the most intimate of circumstances.

Indeed this interplay between trust and governance as a strong component of RACO culture confirms the finding that value commitment “is strongly associated with perceptions of stewardship …… and value committed employees share the values of the organization and agree with the core mission and purpose of the organization; they identify with the organization” (Davis et al. 2010: 1108-09). Combs, Penney, Crook, and Short (2010) make a similar point on the importance of trust as a governance mechanism and discuss how large family firms balance trust and governance. Gedajlovic and Carney (2010, p 1154) “reason that the governance characteristics of family firms provide “relative advantages in developing, sustaining, and appropriating value from bridging forms of social capital”. Such governance characteristics associated with the means to develop and sustain reputational assets are clearly identified as characteristics of Chair and Chair/CEO leadership (section 6.43).

Distinct reputations have a capacity to inject a human touch into their relationships with residents (customers, Lyman, 1991) and their employees (Westwood, 1997).

Another important aspect of stewardship theory is the commitment and identification with the vision or need of the RACO and each taking responsibility for actions and processes to sustainably achieve the need. Mason et al. (2007, p 290) confirmed this principle with the finding that “at the management level there is support for the stewardship approach, where the managers/entrepreneur are also members of the defined community that the enterprise serves”. From this study, RACO managerial decision-making closely aligns with the required needs of that community and success in prioritising, safeguarding and balancing stakeholder interests is increased. This is because the leadership and manager have an empathy and clear focus on the recipients of social benefit. Taken together with the values and practices exhibited by the leadership, DON, and operational staff there is strong support for the application of stewardship theory to understanding the culture and motivations observed within the innovative RACO behaviours. Figure 6.4 illustrates the central role of stewardship to a
Figure 6.4 The Role of Stewardship in Delivering Sustainable Aged Care Services

culture of trust and responsible action through a governance practice that encourages and values entrepreneurship and innovation to deliver sustainable outcomes. The model indicates that sustainable outcomes require a holistic systems approach to fully integrate both leadership style and management processes.

As Chair (data centre 4) says

Also, in terms of stewardship – you have a bottom line and a top line and the top line is every resident and every staff person has to be treated as a person in their own rights and that the quality of what we are doing is really important and vital. So the stewardship is aimed at the top line. The bottom line is how we identify and manage it.

A proactive EO strategy and behaviour by leadership and staff is found to be associated with an organisation that *brings ideas to life, persuades and inspires others to action,* and *creates and sustains a total environment* within the RACO which is ‘*opportunity focused*’ and delivers a ‘*resident focus*’ for valued care services. Similarly, Davis, Allen and Hayes (2010) identify stewardship theory “as applicable to family business because the leadership of the family business (whether family or nonfamily members) can act independently of the family that owns organizational wealth”. These comments can apply to decision makers in a
RACO who also seek to develop strong, quality and sustainable services for all stakeholders.

6.6 Social Motivations and Entrepreneurial Orientation

In considering the antecedents for social entrepreneurship, Austin et al. (2006) identify the basis for action—whether in the form of individual motivation or organizational mission — is among the antecedents that most clearly distinguish social entrepreneurship from commercial entrepreneurship. Lumpkin et al., (2012, p8) conclude “whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force; its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the motivation”. In addition, Morris et al (2011, p 951) suggests “that entrepreneurship manifested in not-for-profits is significantly influenced by the nonprofit’s unique social mission-driven motivation, which in turn shapes key processes and outcomes” and Van de Ven, Sapienza & Villanueva (2007) concluded social entrepreneurship tends to derive from other-focused or collective-focused aspirations such as wealth giving or sharing, community development or provision of services to meet community needs.

Bhowmick (2012, p17) argues the necessity of differentiating motivation and motive which are often used interchangeably. “Motivation energises an actor to act. Motive is the reason why an actor is motivated to act; motive is directed by purpose”. Shane, Locke, and Collins (2003, p269) consider levels of entrepreneurial motivation should “vary with the size of the opportunity (magnitude of the force exerted by the opportunity) that the entrepreneur is engaging with”. However, such motive does not vary directly with the opportunity size. Indeed other issues including such antecedents as ‘access to capital/funding’ and ‘role of multiple stakeholders’ will impact the ability of the social entrepreneurs to deliver social outcomes that add value to the recipients. Austin et al (2006) indicate “the problem is not the existence of the need, but rather whether the necessary resources can be marshalled for the social entrepreneur’s innovation to serve that need” (p6).

Using the measures and findings established in Chapter 5, and the comprehensive comments by the ‘actors’(as characterised above) during interviews with the leadership of each RACOs in the study, the following discussion seeks to establish the relevance of these measures to assessing the social entrepreneurship relationships
of ‘social motivation/mission’ to pursue a social purpose (Zahra, Gedajlovic, Neubaum, and Shulman 2009) and ‘opportunity identification’ processes oriented towards social problems (Murphy and Coombes, 2009), with the dimensions of EO (Lumpkin (2012).

Taken together these measures indicate the RACO’s degree of motivation and opportunity identification processes in developing: innovativeness, orientation to risk-taking, proactiveness, autonomy and a new dimension of governance, provide a reliable tool to assess the organisation’s capacity to deliver sustainable entrepreneurial innovation in meeting the needs of valued aged care. Indeed the CEOs ‘strongly agree’ that ‘innovation, risk taking and trust are core values of this organisation’ (Table 5.2)

6.6.1 Innovativeness

Using the concept of Innovativeness (Lumpkin et al., 1996)) as the seeking of creative, unusual or novel solutions to problems and needs, it has been demonstrated in section 6.3.2 that the CEOs’ and chairs’ individually and together as a team strongly identify with the following statements on innovativeness (Fig. 5.2): ‘seeking of unusual or novel solutions (via the use of ‘ideas’ people)’ (level 5); ‘high rate of new service introductions’; and ‘active search for opportunities’. At the delivery end of service, the DONs agreed with a ‘high rate of new service introductions’ and less strongly with ‘seeking unusual or novel solutions’ (level 2). The operations staff appear to emphasise more strongly an emphasis on ‘proven services’ with good support for ‘bold decisions’ and ‘growth’. As demonstrated in section 6.3.innovation, risk taking and trust are core values of each RACO.

In combining the EO dimension of Innovativeness with Social Motivation/Mission, Lumpkin et al. (2012, p 12) observed that “clear, compelling social missions positively enhance the development and adoption of innovative solutions; that creativity and experimentation are positively essential due to the uniqueness of social missions; but may impede outside- the- mission idea generation/experimentation”.

To discuss this relationship, and the delivery of sustainable social innovation within RACOs included in this study, a selection of relevant comments from individual interviewees (CEO, Chair and DON) include:
CEO (data centre 5),

From an operational standpoint rather than a capital growth standpoint and now that the business is in a stable place, the board is now in a position to leverage a growth strategy that really couldn’t be done before hand because the reality was that we didn’t have our backyard in order so to speak or an entrepreneurial strategy that would deliver innovation.

Significantly the Chair (data centre 5) has a strong view on leadership:

But I want to tell you that leadership means more than power and control, and self-enrichment. Leadership is about service in meeting our vision. Leadership implies a willingness and commitment on our part to effect positive changes in aged care for the betterment of our residents. And there are certain qualities and characteristics that our leaders share, which include honesty, care, commitment positive thinking and planning, the ability to inspire others to action in the best interest of the community one leads.

Thinking of innovation, DON (data centre 4) recalls

we have a relatively new resident come in and within our food services, which is a good service,- the resident’s, daughter believed we just couldn’t get it right for her mother’s taste– so we developed a whole system with the daughter. We have the menus emailed to her so she can select the menu, make the alterations that also fit in with what we are able to provide. She is now satisfied her mother is getting the things that are best for her. A year or so ago we may not have really provided that customized service but we have been able to now – even if it is a bit tricky.

Drawing together the comments and findings of conditions, characteristics and motivations associated with the practice and performance of the RACOs’ sampled in this study, Table 6.1. provides an insight into the factors impacting the dimension of ‘innovativeness’ and contributing to the vision of each organisation in meeting its desired outcomes. These factors support the findings of Lumpkin et al. (2012) in terms of social motivation/ mission; opportunity identification; access to resources/ funding; multiple stakeholders but adds the human factors of ‘trust’, ‘integrity’ and ‘respect’ within the overall RACO.
Table 6.1 Innovativeness (Creative, Novel, unusual Solutions)

<table>
<thead>
<tr>
<th>Opportunity Conditions</th>
<th>Opportunity Characteristics</th>
<th>Social Motivation / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Support</td>
<td>Commitment to Personally Valuing Staff</td>
<td>Creativity and experimentation in seeking to exploit opportunities</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>Clear Decision Making Pathways and Recognition of Personal Initiative</td>
<td>Drives vision through adopting innovative Solutions</td>
</tr>
<tr>
<td>Reward Reinforcement</td>
<td>Meaningful and Evidence Based</td>
<td>Drives vision by rewarding staff within a culture of trust</td>
</tr>
<tr>
<td>Time Availability</td>
<td>Workload Expectations and Relationship to Use Technology</td>
<td>Develops the creative potential of employees</td>
</tr>
<tr>
<td>Organisation Boundaries</td>
<td>Delegation Policies Integration of Agreed Roles</td>
<td>Seeks to establish mutual Respect and Trust.</td>
</tr>
</tbody>
</table>

6.6.2 Proactiveness

By contrast, whereas innovativeness refers to an organisation’s efforts to discover potential opportunities, proactiveness refers to an organisation’s efforts to anticipate, recognize and seize them. An examination of figure 5.2 identifies that all three levels of leadership are strongly ‘proactive’ in recognising and exploiting opportunities whether radical or incremental. The CEO strongly agrees (level 5) with all four dimensions of proactiveness in this survey: ‘active search for big opportunities’; ‘an emphasis on continuous improvement in methods of service delivery’; ‘growth as the dominant goal’; and ‘a high rate of new service introductions, compared to our competitors’. The Chair provides an almost identical perspective with less emphasis
on ‘growth as the dominant goal’. Except for ‘disagreeing’ as to the focus on an active search for big opportunities, the DON agrees with the other three dimensions that align with an organisation being proactive.

In combining the EO dimension of Proactiveness with Social Motivation/Mission, Lumpkin et al. (2012) observed that social missions often create a significant sense of urgency, forcing firms to be more proactive, whereas an abundance of opportunities often decreases the need for opportunity seeking.

Some further insight is provided by a selection of relevant comments from individual interviewees (CEO, Chair and DON):

CEO (Data Centre 6) states

We have been trying to push innovation and ownership down through the organisation. We have been very top heavy driving innovation really from the senior leadership team.

In response to the topic – is innovation part of your agenda - the Chair (data centre 5) commented

Absolutely, again as any franchisee we have to provide a product and I don’t want to be clinical in terms of the terminology but if we take it out of the health care arena we are providing a health care product so absolutely they are going to be looking at us - at what sort of product we are producing - is it up to their quality standards and is it value for money.

The perspective of DON (data centre 4) is described as

having the scope to think or be able to consider different ideas/innovations within my particular site – I believe I am given flexibility to develop things. I am allowed to put forth a business case that I think might be unique for the site or the company that we do have quite a bit for freedom to come up new ideas or concepts – in fact with our audit care you are really encouraged to think differently and to try something new without any fear if it doesn’t come through or doesn’t achieve what you suppose that’s still ok – you don’t feel restricted in being able to put forward a different idea or concept.

Drawing together the comments and findings of conditions, characteristics and motivations associated with the practice and performance of the RACOs’ sampled in this study, Table 6.2 provide an insight into the factors impacting the dimension of
‘proactiveness’ and contributing to the vision of each organisation in meeting its desired outcomes. These factors support the findings of Lumpkin et al. (2012) in terms of social motivation/mission; opportunity identification; access to resources/funding; multiple stakeholders but adds the human factors of ‘trust’, ‘creativity’ and ‘open discussion’ within the overall RACO.

<table>
<thead>
<tr>
<th>Opportunity Conditions</th>
<th>Opportunity Characteristics</th>
<th>Social Motivation / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Support</td>
<td>Initiating and leading teams to develop opportunities</td>
<td>Actively encourages trust amongst staff in talking openly with others about ways to improve facility operations</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>Facilitating staff discussion to implement new initiatives</td>
<td>Create a significant sense of urgency to exploit opportunities/developments</td>
</tr>
<tr>
<td>Reward Reinforcement</td>
<td>Celebration of opportunity success</td>
<td>Organisation celebrates innovative achievements</td>
</tr>
<tr>
<td>Time Availability</td>
<td>Encourage staff to seek time release for opportunity development</td>
<td>Innovation, risk taking and trust are core values of this organisation</td>
</tr>
<tr>
<td>Organisation Boundaries</td>
<td>Encourage and provide structure for teams operating cross discipline</td>
<td>Organisation tries hard to develop the creative potential of employees</td>
</tr>
</tbody>
</table>

Table 6.2 Proactiveness (Anticipating and acting in light of recognised opportunities)

6.6.3 Risk Taking

Risk-taking “involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain
environments” (Lumpkin et al. 2012, p21). In considering Figure 5.2 it is noted that the CEO agrees (level 4) with the concept of ‘risk taking when seizing and exploring growth opportunities’. Furthermore this attitude is consistent with a neutral (level 3) ‘emphasis on proven services and avoidance of heavy avoidance of new service development costs’ and ‘cautious adjustment to problems’. This suggests risks are carefully calculated, yielding a robust understanding of potential gains and potential losses that could be associated with decisions to engage in entrepreneurship and innovation. In contrast, both Chair and DON disagree (level 2) with the CEO’s perception of risk taking and reinforce this approach in their ‘strong agreement’ to avoiding ‘heavy new service development costs’ and in a ‘cautious, pragmatic, step-at-a-time adjustments to problems’ to engaging in entrepreneurship and innovation. In particular the Chair ‘strongly agrees’ with the primary concern on stability and growth.

In combining the EO dimension of risk taking with Social Motivation/Mission, Lumpkin et al. (2012) observed that social missions need to venture into the unknown and may need to deal with increased financial risk taking.

To discuss this relationship, relevant comments from individual interviewees (CEO, Chair and DON) are presented:

In regard to risk taking there is a different dynamic in fulfilling mission. The focus for the group,( and different members of the team will tell you different aspects) has been really on operational efficiency, operational effectiveness and executing very strong financial performance at the same time of realigning the business for what are the market pressures that are about to hit us from the consumer segment.(CEO Data centre 3)

The Chair (data centre 5) comments:

Fact of life is that we are in the business of health care so that means at the end of the day we have to run profits. If we don’t run profits then we are not able to do what we are doing. So we are constantly looking at innovation and the bottom line – can we do what we do and do it well while still maintaining a turnover on our investment. If we can’t do that we can’t do what we do.

The observation by DON (data centre 4) states:

we are in an aged care environment of heavy regulation that may impact on ‘failure tolerance’ so it is absolutely necessary to make sure that new
innovations are not going to compromise any of the standards and the residents. We are given quite a bit of education through the Centre looking at accreditation so anything I feel that I would put forward would complement a standard.

Drawing together the comments and findings of conditions, characteristics and motivations associated with the practice and performance of the RACOs’ sampled in this study, Table 6.3 provides an insight into the factors impacting the dimension of

<table>
<thead>
<tr>
<th>Opportunity Conditions</th>
<th>Opportunity Characteristics</th>
<th>Social Motivation / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Support</td>
<td>Allocated funds for opportunity trials</td>
<td>Drives through risk management protocols</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>To encourage new work practices</td>
<td>Promotes risk management thinking</td>
</tr>
<tr>
<td>Reward Reinforcement</td>
<td>Support creative staff participating in international &amp; national conferences</td>
<td>Innovation, risk taking and trust are core values of this organisation</td>
</tr>
<tr>
<td>Time Availability</td>
<td>Provide allocated time for opportunity development</td>
<td>Link development of bold opportunities to strategy</td>
</tr>
<tr>
<td>Organisation Boundaries</td>
<td>Seek greater input to interdisciplinary practices &amp; strategy</td>
<td>Risk taking jeopardizes the firm’s ability to address the social ill</td>
</tr>
</tbody>
</table>

Table 6.3 Risk Taking (Taking bold actions in committing significant resources to opportunities)
‘risk taking’ and contributing to the vision of each organisation in meeting its desired outcomes. These factors support the findings of Lumpkin et al. (2012) in terms of social motivation/mission; opportunity identification; access to resources/funding; multiple stakeholders but adds the factors of core values of ‘innovation’, ‘risk taking’, ‘trust’ and ‘strategy’ within the overall RACO.

6.6.4 Autonomy

Autonomy, is defined as ‘the capability to act independently to explore opportunities’ and carry them through to completion (Lumpkin, Cogliser and Schneider, 2009), or “that individuals and teams have the ability to make decisions and take actions without being hindered by the organizational constraints or strategic norms that often impede progress” (Lumpkin, Brigham and Moss, 2010, p 11). In respect of the leadership being either ‘agreeing’ or ‘strongly agreeing’ with the dimensions: ‘of seeking of unusual, novel solutions by senior executives to problems via the use of "idea people" and brainstorming’; ‘a top management philosophy that emphasises proven services, and the avoidance of heavy new service development costs’; and ‘growth as the dominant goal’, it is revealing to compare these perspectives with those associated with ‘work discretion’ as measured in appendix A4.1 and reported in figure 5.7. Within the measures of overall entrepreneurial culture associated with provision of ‘work discretion’ it is reported that the organisations have a high level of independence when operating outside the usual work routines and practices in exploiting change and new opportunities. In particular the CEO strongly agrees with the perceptions ‘I have much autonomy on my job and am left on my own to do my own work’, ‘this organization provides the chance for me to be creative and try my own methods of doing the job’; and ‘this organization provides the chance for me to do something that makes use of my abilities’ (appendix A4.1). Significantly DON ‘agrees’ (level 4) with these perceptions of autonomy.

In combining the EO dimension of Autonomy with Social Motivation/Mission, Lumpkin et al. (2012) observed that an emphasis on collaboration within the social mission may inhibit independent modes of operating, whereas adopting a social mission may free enterprises from industry/ institutional norms and foster independent action. To illustrate this relationship, and the delivery of sustainable social innovation within RACOs included in this study, a selection of relevant
comments from interviewees (CEO, Chair and DON) are listed:

In terms of growth the CEO (data centre 6) says, we are now on a trajectory to really look at how we can really harness opportunities that will come from the productivity commission. The senior leadership team have committed to a complete strategic review to maintain the strategic alignment of the organisation with the need to deliver resident services. We put on a CEO with the brief to effectively set up a corporate environment where we could function as a board and ensure effective autonomy at the operational level where there is ownership, directorship and management (Chair, data centre 3).

He (Chair, data centre 3) continued

Probably one of the biggest issues that I feel tends to come up when talking about this type of relationship is there is a fairly constant blurring of the work division between what the owners should be doing and what is effectively management.

A DON (data centre 5) perspective was

Look I feel much supported by the CEO. I really think he gives us room to move. He is non-judgmental, we have to be financially careful about what we do – but if you are presenting a new idea, concept of business case and as long as you actually do it well and you covered everything from – what’s the service cost, what the service brings in, who benefits – he is very supportive. The board – we have quite a new board since I joined the company and they are a ‘little bit more’ innovative – we did a whole big dementia project and they appointed a person to lead that – looking at the future of EC and the future of what the community needs.

Drawing together these comments and findings of conditions, characteristics and motivations associated with autonomy in the RACOs sampled in this study, Table 6.4 provides an insight into the factors impacting the dimension of ‘autonomy’ and contributing to the vision of each organisation in meeting its desired outcomes. These factors support the general findings of Lumpkin et al. (2012) in terms of fostering independent action but disagree that collaboration limits independent modes of operating. Indeed the interviewees and survey findings confirm the strong commitment to collaboration in achieving high resident care and satisfaction along with encouraging autonomous action in developing opportunities. Within the RACOs studied the EO dimension of ‘autonomy’ ranks in importance along with
‘innovativeness’ and ‘proactiveness’ in achieving the social mission.

<table>
<thead>
<tr>
<th>Opportunity Conditions</th>
<th>Opportunity Characteristics</th>
<th>Social Motivation / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Support</td>
<td>Decision-making latitude and freedom from excessive oversight</td>
<td>To find unique solutions through autonomous action</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>Delegated authority and responsibility</td>
<td>Gain effectiveness through autonomous action</td>
</tr>
<tr>
<td>Reward Reinforcement</td>
<td>Rewarded for initiative</td>
<td>To contribute to resident satisfaction</td>
</tr>
<tr>
<td>Time Availability</td>
<td>Work load limits personal time availability</td>
<td>Find time to achieve required actions</td>
</tr>
<tr>
<td>Organisation Boundaries</td>
<td>Encourages trust amongst staff</td>
<td>Develop the creative potential of employees across boundaries</td>
</tr>
</tbody>
</table>

Table 6.4 Autonomy (Capability to act independently to explore opportunities)

6.6.5 Competitive aggressiveness

The dimension of ‘competitive aggressiveness’ refers to an organisation’s efforts to outperform its rivals. Such behaviour is often characterized by a ‘combative posture or an aggressive response aimed at overcoming threats in a competitive marketplace’ (Miller and Camp 1985; D’Aveni 1994). In the RACO cases reported in this study, both the Chair and DON ‘strongly agreed’ (level 5) with the response of a "live and let live" philosophy in dealing with competitors. The CEO response was neutral. Given that aggressiveness can be costly and tactics, such as price cutting or
increasing marketing efforts appear to be less practiced in the not-for-profit aged care industry, this dimension is no longer included in discussion of the organisation’s ‘degree of sustained innovation’.

6.6.6 Governance

As with for-profit and not-for-profit organisations, governance involves the board and its directors who are responsible for the governance and management of the affairs of the organization. The board is primarily concerned with developing and approving organisation strategy, appointing the CEO and senior leadership, reviewing management performance and meeting of agreed objectives, approving financially responsible budgets and associated fiduciary duties, maintaining ethical values and developing a culture of trust and commitment to the mission of the not-for-profit enterprise. Such duties of trust include the duties of due care, loyalty to the organization and obedience to the law.

RACOs are organized around a social mission and embrace values such as trust, philanthropy, volunteerism, and their independence to act as advocates and providers of services for their residents, clients or members (Alexander and Weiner, 1998). Hudson (1999, p. 37) asserts that NFP organizations “are at their most effective when the people involved share common values and assumptions about the organization’s purpose and its style of operation.” In addition Alexander and Weiner (1998, p. 223) identified values such as participation, due process, and serving their community as prominent in NFPs, and maintained these organizations tend to have a very strong “collective conscience” which ensures that their values are sustained however relatively little is understood about factors triggering entrepreneurial behaviour within organizations not driven by profit motives.

It is thus appropriate to consider the conditions, characteristics and motivations leading to strategic governance and stewardship exercised by boards in achieving social entrepreneurship outcomes within RACOs and the aged care industry as an additional dimension of EO along with innovativeness, proactiveness, risk taking, and autonomy.

In combining the EO dimension of Governance with Social Motivation/Mission,
Morris, Webb, and Franklin (2011, p 965), in commenting on NFP board behaviour as an antecedent to EO, identifies such entrepreneurial orientation as incorporating:

1. social, mission-centric innovation, commercial innovation, and the unique case in which innovation includes both social and commercial aspects;
2. social, financial, and stakeholder-relevant risk; and
3. proactiveness relative to similar organizations in terms of social and commercial innovation as well as relative to stakeholder expectations.

The primary motivation of NFP boards is to serve a social purpose coupled with the need to remain financially viable and sustainable. To discuss this relationship, and the delivery of sustainable social innovation within RACOs’ included in this study, a selection of relevant comments from individual interviewees (Chair and CEO) are included:

The Chair (data centre 5) comments

For us the most important thing is that we keep a governorship role but we have an enormous degree of faith that what the management team is doing is done hand in hand with and same goals – a shared type of approach. That doesn’t take away the necessity for us to ensure that these things are actually happening.

The Chair (data centre 2) defined

stewardship as probably the exchange of information between two individuals and two groups to enable a goal to be achieved, particularly between board and CEO - not necessarily one that is mandated from one to the other but something that is more down as a co-operative approach. Indeed such a process overcomes the biggest roadblocks to effective innovation.

CEO (data centre 5) comments “Trust is at the centre of my relationship with the Chair of the board” and the Chair (data centre 4) states,

I had a fairly clear desire for the direction where the ownership of the business would be maintained at a board and governance level and the management of the business the actual provision of the care and making sure we had the necessary services to provide the care would be carried out by the management team. We asked our current CEO to establish a formal management structure and that the structure then fed into us as a board as least once a month and we would then meet on an adhoc basis.
These statements corroborate the Chair of the Board audit (Appendix 4.2) showing a strong willingness to facilitate and promote entrepreneurial behaviour; including the championing of innovative ideas (In our organization, developing one’s own ideas is encouraged for the improvement of the corporation – level 4), (In my organization, developing one’s own ideas is encouraged for the improvement of the organisation – level 4) and providing the resources people require (Money is often available to get new project ideas off the ground level 4) to behave entrepreneurially. The board strongly supports conditions that encourage the pursuit of challenging work (That the rewards a staff member receives are dependent upon their work on the job. - level 4) and rates ‘change culture’, ‘opportunity focus’, ‘trust/respect’, and ‘innovative strategy’ in the top four characteristics for leading a successful RACO, (Fig.5.6). Table 6.5 summarises these conditions and characteristics with motivations identified from the surveys and interviews.

<table>
<thead>
<tr>
<th>Opportunity Conditions</th>
<th>Opportunity Characteristics</th>
<th>Social Motivation / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Support</td>
<td>Enables understanding of organisational strategy</td>
<td>Enhance organisation reputation</td>
</tr>
<tr>
<td>Work Discretion</td>
<td>Seeks and exploits opportunities</td>
<td>To drive the vision of service</td>
</tr>
<tr>
<td>Reward Reinforcement</td>
<td></td>
<td>Enhance overall service performance</td>
</tr>
<tr>
<td>Time Availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisation Boundaries</td>
<td>Emphasises stakeholder values and relations</td>
<td>Encourage challenge</td>
</tr>
</tbody>
</table>
Table 6.5 Governance (Responsible for the governance and management of the affairs of the organization.)

6.7 Governance for Sustainable Resident Valued Services

An important observation from the discussion on EO and the relationships with the conditions, characteristics and motivations, (section 6.5) is that trust and cooperation are at the heart of RACO social entrepreneurship in addition to a focus on opportunity exploitation and meeting vision or need rather than on competition as in traditional entrepreneurship.

When results from the RACO study are compared with a general study of governance in companies, Kakabadse and Kakabadse. (2008), (Figure 6.3), it is clear that for the dimensions of ‘drives the vision’, ‘understanding of organisational strategy’, and ‘determining organisation strategy’ both the chair and CEO of the RACOs show a significantly greater propensity of commitment to these activities than found in the general Kakabadse findings. As discussed in section 6.45 both the chair and CEO exhibit a strong commitment to ‘seeking to exploit opportunities’. The relationship of these dimensions of strategic direction and vision to the delivery of quality and sustainable resident focused services is clearly seen in the following quotes from each of the RACOs listed:

- Data Centre 2
  It is our people who will establish our reputation as a provider of high quality services, care and accommodation to the aged community which focus on the individual's right to be treated with dignity and respect. We introduce new initiatives to develop the quality and scope of our services, all our people are encouraged to be innovative and contribute to the constant improvement of our operations

- Data Centre 3
  The goal for this RACO is to ensure residents are the main focus in all that the facility does. By utilising a resident focused approach; not just in care delivery, but in all aspects of business and innovation, the facility exceeds today’s expectations of aged care provision;

- Data Centre 4
  this values-based RACO provides quality services and life enhancing
opportunities for older people. The services are characterized by: compassion – in caring for the needs of others and seeking to understand their life and spiritual journey; accountability - by taking responsibility for what is done in an honest way; respect in recognising the value and uniqueness of each person; courage - with the quality of spirit to act in accordance with leadership convictions; and person centred – developing relationships that enable people to shape and lead their own lives;

Data Centre 5
Everyone who comes to this facility can participate in choosing how they spend their day, with which they interact, and how much or how little they do for themselves.

Data Centre 6
The organisation Strategic Plan targets the opportunity to become a specialist in very high quality and innovative services to people with dementia and their carers that enable good lives to be experienced.

As established in section 6.66, the overall governance processes contribute strongly to the EO performance of the RACOs and its delivery of the identified needs based mission. To discuss the significance of these findings within the aged care environment it is important to note the conclusions of Coombs et al (2011). Using a random sample of arts, culture and humanities NFPs to study the behaviour of boards, chair and governance processes. Coombs et.al. (2011, p 850) asked ‘whether governance matters’? and found a board’s true value to the overall NFP performance, “is its unique ability to perceive the need for change and innovation, drive the strategic direction and govern implementation towards such change, and continue creating resource bundles that maintain competitive advantages for the NFP. The board’s behavioural orientations can facilitate this ability”.

With these orientations in mind this section will address the contribution of governance, chair/board behaviour, and trust in achieving resident perceived outcomes within a sustainable RACO and illustrated in the pyramid configuration of Figure 6.1.

Social entrepreneurship as a process incorporates the same behavioral tendencies as
entrepreneurship in the for-profit context. As such, an entrepreneurial orientation in nonprofits involves innovativeness, proactiveness, risk taking, autonomy, governance and to a lesser degree competitive aggressiveness. Entrepreneurial orientation is linked to performance (Covin and Slevin, 1991, 1989). As illustrated from the RACO statements above, the primary motivation is to serve a social purpose (need) coupled with the need to remain financially viable and sustainable.

Importantly, and as observed in NFPs, Morris et al (2011, p 965) identified entrepreneurial orientation “as incorporating (1) social, mission-centric innovation, commercial innovation, and the unique case in which innovation includes both social and commercial aspects; (2) social, financial, and stakeholder-relevant risk; and (3) proactiveness relative to similar organizations in terms of social and commercial innovation as well as relative to stakeholder expectations”.

Such findings align with the EO findings of this study where RACOs, in seeking to exploit socially responsible opportunities in the provision of Aged Care, find themselves dependent on government grants and a major set of regulations to be complied with. Indeed the question of sustainability in what is a growth market is a major issue facing the community. The logic of engaging in innovative, proactive, risk taking, autonomy and governance behaviours while also attempting to serve a social mission and satisfy multiple stakeholders, typically with severely limited resources, are not always clear cut. Given the significance of such behaviour in determining how innovative NFPs serve their social missions and stakeholder interests, the chair and boards of directors would seem an especially important focus in fostering, or constraining, entrepreneurship/innovation within Aged Care organizations. Coombs et al, (2011, p 835) identify a conceptual model of board – EO – performance linkages where the ‘behavioural orientations of boards of directors’ directly determines the form of ‘EO of the NFP’ and in turn impacts the ‘organisational performance’ of the NFP in seeking to meet the purpose or vision for the NFP.

6.7.1 Resident Values

A requirement for inclusion of each facility in this study was the practice of assessing a resident satisfaction process. As described in chapter 5.5, the input from the multiple data centre questionnaires was condensed into a set of six measures based on
the analysis of inputs from each RACO resident satisfaction survey. The underlying concept for determining resident satisfaction in this study is the perception of the resident to identify with the concept “this is my Home” and comprising sub elements of: overall satisfaction; comfort; privacy and dignity; personal belongings; culture/spiritual; and independence.

On the simple measures of ‘do you personally feel this is your home?’ an impressive 98% expressed a positive sentiment (Figure 5.10) and 92% agreed ‘staffs are caring and helpful’. All other measures are high and appear consistent with the aged care facilities achieving outstanding levels of resident satisfaction. Given that the average time for a resident living in one of the RACOs in this study is 6 years, the findings suggest this sustainable resident satisfaction status is an outcome of the conditions, characteristics and motivations practiced in the RACO by the board, CEO and staff.
Figure 5.10 Resident satisfaction levels – mean values

6.7.2 Sustained Social Performance

In discussing the relationship of conditions, characteristics and motivations associated with entrepreneurial culture and innovation strategy that enables a RACO to govern for sustainable resident valued services, it is noted the similarities with findings from NFP studies. Such studies show the board impacts organizational performance and directly influence the behaviours of managers and employees within these organizations (Herman and Renz, 2004). Coombs et al (2011) find a similar relationship with the board’s behavioural orientation and EO on both social and
financial performance. According to Judge and Zeithaml, (1992) and O’Regan and Oster, (2005), NFP boards of directors contribute a relatively more active role than for profit boards in achieving performance and also maintain the integrity of the organization’s social mission while working to discourage managerial opportunism and protect stakeholder interests (Abzug and Galaskiewicz, 2001).

Similarly, Alexander and Weiner (1998, p. 223) identified values such as participation, due process, and serving their community as prominent in NFPs, and maintained these organizations tend to have a very strong “collective conscience” which ensures that their values are sustained however relatively little is understood about factors triggering entrepreneurial behaviour within organizations not driven by profit motives. The findings from this study identify a very strong relationship between personal and organisation values and integrity with the mission. Indeed it can be argued that the strong commitment to sustained resident valued services maybe the trigger for identifying opportunities and resultant innovation processes rather than a commitment to opportunities of themselves. It is this “collective conscience” of the whole RACO leadership team that is responsible for the entrepreneurial and innovation contribution to sustained performance.

In terms of financial performance Coombs et al. (2011, p 835) hypothesized “the entrepreneurial orientation of the non-profit organization will be positively associated with its financial performance”. However the findings for financial performance ran counter to the hypothesized relationship and to previous findings in the for-profit context (Lumpkin and Dess, 1996). While unexpected, Coombs et al. (2011) agreed with Dees et al. (2001) that much of non-profit performance is based on accomplishment of social mission and creation of social value, making it difficult to assess the effects of EO on performance using only financial measures. Yet the non-profit literature positions the board of directors as critical to operational and financial performance (Austin, 1998; Herman and Renz, 2004).

This study of RACOs agrees with the need for effective operational and financial performance, but identifies the focus is on maintaining an efficient innovation savvy operation and recovering income from a number of sources such as government contributions for care of each resident, interest from resident bond deposits, interest from assets and voluntary donations, as a means to accomplishing the socially-
oriented end. As discussed in chapter 3 the return on investment in the aged care industry is very low and does not attract venture development funding. Although each RACO studied had a vibrant and positive set of financials, the strong demonstration of sustained performance was not associated with financial performance but with the drive to satisfy the social mission through a commitment to an entrepreneurial culture and both incremental and radical innovation. This finding concurs with the conclusion of Coombs et al. (2011, p 850): “Because an NPO’s core focus is on the accomplishment of its social mission, EO may be considered more important for its ability to impact social performance. As such, risky, proactive, innovative behaviours will concentrate primarily on enhancing social benefits or outcomes”.

This positive link between social performance and entrepreneurship culture and Board /CEO mindset is consistent with existing limited work examining the non-profit context (e.g. Mair and Marti, 2005; Morris et al., 2007; Sullivan-Mort et al., 2003), and section 6.45 above). Acar et al. (2001) in exploring the ways in which NFP and for profit organizations viewed their social responsibilities, ethically, legally and philanthropically, and beyond the values attached to their mission or purpose, found that NFP organizations placed a significantly greater emphasis on their social responsibilities than did FP organizations. Similarly, Alexander and Weiner (1998, p. 223) identified “values such as participation, due process, and serving their community as prominent in NFPs, and maintained these organizations tend to have a very strong “collective conscience”. Such a conscience suggests that their values are sustained however relatively little is understood about factors triggering entrepreneurial behaviour within organizations not driven by profit motives. Social entrepreneurship is concerned with the pursuit of opportunities for enhancing the social good, where unique resource combinations are used to produce significant social returns (Brooks, 2008). From the discussion above it is evident that the RACOs leadership reported in this study are committed to behavioural orientations that result in strategic, activist, conservative, and cohesive performance that is associated with effective social entrepreneurship and innovation that meets the needs of residents for valued care.
6.8 Model for RACO Social Entrepreneurship and Sustained Innovation

The preceding discussion has considered the elements identified in the research question: conditions; characteristics; motivations and five components of EO; innovativeness; proactiveness, risk-taking; autonomy and governance and related these to the role of entrepreneurial culture and innovation strategy in delivering effective and sustainable resident valued services using a triangulation methodology.

The fundamental role of value added innovation to organisations committed to a sustainable process of entrepreneurship is well established (Ireland et al. 2006, Covin and Slevin 1989, Wiklund and Shepherd 2005, Morris et al. 2007, 2011). Such processes are achieved in social organisations when individuals experience support to pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources (Austin et al. 2006). The following model, figure 6.4, illustrates the holistic nature of a RACO, in the aged care industry, from antecedents; conditions and characteristics; to motivations resulting in entrepreneurial orientations and Big I innovation. It should be noted, that in figure 4.1 (Sustainable Innovation in Aged Care – A Context Model) the context for an aged care organisation was placed within an external environment comprising; government policy; accreditation policy; science and gerontology; education and practice; facility standards; and best practice. This external environment is not directly illustrated in the final model (figure 6.4) but it is acknowledged the associated society behaviours, controls and regulations, and influence of government policy do impact on the antecedents identified in the model.

At the other end of the continuum and within the RACO, social entrepreneurship is associated with the identified EO dimensions and the deliverable outcomes of resident valued services, sustainable outcomes, innovation strategy, and satisfied stakeholders. It incorporates the fact RACOs find themselves dependent on government grants and a major set of regulations to be complied with. Indeed, the question of sustainability is a major issue for many RACOs – even though the market is growing. However, the logic of engaging in entrepreneurial behaviour while attempting to serve a social mission and satisfy multiple stakeholders is not always clear cut. Using the findings and discussion of such behaviour, (sections 6.2 – 6.7) in determining how RACOs serve their social missions and stakeholder interests and RACO Boards and leadership
foster an entrepreneurship culture within the organisation, the model seeks to present an environment in which managing complexity and facilitating stewardship can be understood. Such a model emphasises the non-linear quantum perspective required in serving aged care needs or provides a shared understanding of the ‘ageing wicked problem’.

6.8.1 RACO Sustained Innovation

As noted in the literature review (chap 3) “innovation is the tool of the entrepreneur” (Drucker, 1985). Within this study innovation is defined as “the process that endows a recognized opportunity with the capacity to add-value to an already existent invention, product, process or service and at a “price” a customer will pay” (Gillin, 1995, p 51). The concept of “price a customer will pay” is equated here with the resident’s value of the service provision and their acceptance of identifying with “this is my home”- 98% surveyed residents agreeing (Fig 5.10). It is also noted that the study identified that innovation is a ‘process’ and not just the idea—innovation is only achieved when the idea has been transferred into an opportunity with an outcome which has value and is ‘sustainable’. Importantly the model must be compatible with the reality of sustainability and, in the case of a RACO, requires good integration with all elements in the ‘process’ to deliver these sustainable outcomes for residents, the regulator (Government), and organisation stakeholders.

In terms of RACO innovation practice, the model captures the understandings from the examination of the findings, (chap 6), firstly: the identification and importance of antecedents-social vision/mission; accredited provider status and government license; available facilities/funding; enlightened governance structure; multiple stakeholders; and openness to recognising new opportunities. The model, Figure 6.5, shows these innovation antecedents within the ‘outer ellipse’ as all-encompassing determinants of the RACO and with a dashed boundary (line) between other ellipses to indicate the importance of these elements being integral and transfused with the whole organisation.

The second ellipse (middle position) reflects the fundamental role of cultural conditions and leadership characteristics in the development and operationalizing of an innovative culture within the RACO. Sections 6.3 and 6.4 identified and measured a high level of organisational conditions such as: management support; work
discretion; rewards reinforcement; time availability and organisational transparency in respect of sectional boundaries that confirmed the application of the Ireland et al. (2006) survey instruments
Figure 6.5 Model for Sustainable Innovation within a Resident Aged Care Organisation (RACO)
to evaluating the innovative conditions associated with sustainable outcomes. Such cultural conditions are consistent with engaging employees’ personal value systems, Jung et al. (2003), encouraging employees to think creatively (Sosik et al., 1997) and enhancing effective and quality innovation. Along with these antecedents and conditions, critical leadership characteristics were identified (section 6.4) leading to transformational leadership and organizational culture, (Sarros et al, 2011), namely: trust, respect, integrity; change culture; opportunity focus; community focus; resident focus; and board involvement including innovative strategy. As with the antecedents’ ellipse, so the factors and determinants underlying the presence of an innovative and entrepreneurial culture are grouped together as a conditions and characteristics ellipse.

Both ellipses underpin and facilitate the heightening levels of motivation toward higher levels of performance (Bass, 1985; Gardner and Avolio, 1998) in achieving sustainable resident focused aged care. Again the boundary between the ellipses is dashed to represent the interactive holistic nature of antecedents, conditions and characteristics that undergird the motivations associated with RACO practice.

Such integration of the above cultural norms and support systems (Sarros, Cooper and Santora, 2011) are at the heart of a sustainable innovation process but of themselves can be sterile unless “motivation energises an actor to act. Motive is the reason why an actor is motivated to act; motive is directed by purpose” Bhowmick (2012, 17). Indeed the purpose to sustain resident valued services within the RACO organisation is the motive to satisfy the identified need, but it is the motivation to act and deliver a ‘customer valued’ service that constitutes the reality of Big I innovation. Ahmed (1998, p. 31) claims that “innovation is the engine of change... [and] culture is a primary determinant of innovation” leading to heightened levels of motivation toward higher levels of performance (Shamir et al., 1993).

The inner ellipse of figure 6.5 is labeled ‘Motivations’ and is consistent with the Lumpkin et al., (2012: 8) conclusion “whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force; its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the motivation”. The desired outcomes from this innovative behaviour are embedded
in the same ellipse, namely: resident valued services; sustainable outcomes; innovation strategy; and satisfied stakeholders using such measures as the perception of the resident – “this is my home” - 98% of resident identify with ‘added value’. The motivation elements associated with Big I innovation are integral with the determinants of EO and RACO entrepreneurship: innovativeness; proactiveness; risk-taking; autonomy; and governance, and will be referred to in the next section on RACO entrepreneurship, section 6.82.

6.8.2 RACO Social Entrepreneurship

Social entrepreneurship is concerned with the pursuit of opportunities for enhancing the social good, where unique resource combinations, often beyond the tangible resources currently controlled are used to produce significant social returns (Brooks, 2008), (Stevenson, 1983). A focus on “how opportunity can be recognized, the process of committing to an opportunity, gaining control over the resources, managing the network of resources that may or may not be within a single hierarchy, and the way in which participants are rewarded” (Stevenson, 1985), (Stevenson & Jarillo, 1990) describes the social entrepreneurial organisation as “focusing on opportunity in meeting need, not resources”. The Austin et al. (2006) social entrepreneurship framework identifies the central role of mission in driving social purpose (motivation) to generate the social value proposition (SVP) that integrates the people and capital resources factors in undergirding the opportunity to meet the social need. Also Covin & Slevin (1991, p8) note “behaviors rather than attributes are what give meaning to the entrepreneurial process an organization's actions make it entrepreneurial. In short, behaviour is the central and essential element in the entrepreneurial process”.

Extending the context of the social entrepreneurship framework and SVP, Lumpkin et al. (2012) describe the applicability of entrepreneurial orientation (EO) to the social entrepreneurial process as leading to social outcomes through social value creation. Their inputs-throughputs-outputs framework, Figure 3.5, assess the relationship between four antecedents—social mission and/or motivation to pursue a social purpose (Zahra et al 2009), opportunity identification processes oriented towards social problems (Murphy and Coombes 2009), access to fewer resources/funding than in commercial ventures (Austin et al. 2006), and multiple stakeholders linked to the purpose or mission (Spear, Cornforth, and Aiken 2009), and three
outcomes—*social value creation, sustainable solutions, and satisfying multiple stakeholders* (Moss, Lumpkin and Short 2008) —to the dimensions of entrepreneurial orientation—innovativeness, proactiveness, risk taking, competitive aggressiveness, and autonomy (Lumpkin and Dess, 1996). In terms of social value creation “the problem is not the existence of the need, but rather whether the necessary resources can be marshalled for the social entrepreneur’s innovation to serve that need” (Austin et al.2006, p6).

As discussed in section 6.81 above, Big-I innovation is central to the delivery of sustainable ‘*resident valued services*’. It is argued that such innovation, culture and practice, and ‘opportunity focus’ is the essential ‘tool’ (Drucker, 1985) for effective and sustainable entrepreneurship. Figure 6.5 illustrates this reality by showing Big-I innovation (*blue inner ellipse*) embedded within the *outer* and *middle ellipses* representing the holistic nature and cultural relevance of *antecedents, conditions* and *characteristics* of the RACO and its delivery of associated and sustainable outcomes. Importantly, and as identified in the discussion above on social entrepreneurship and social entrepreneurship frameworks, Austin et al. (2006) identifies the central role of *mission* in driving *social purpose (motivation)* to generate the *social value proposition (SVP)* that integrates (*culture*) the *people, capital* and *resources factors* in undergirding the opportunity to meet the social need.

These two perspectives - innovation and entrepreneurship illustrate the reality of the interaction and intertwined processes at work in transforming opportunity into sustainable value as perceived by the ‘customer’ or resident of an RACO.

Given that RACO social entrepreneurship can be defined as a process of social value creation in which resources are combined in new ways to meet social needs, stimulate social change, or create new organizations (Lumpkin et al., 2012), (Mair and Marti 2006) and “using practices and processes that are unique to entrepreneurship to achieve aims that are distinctly social, regardless of the presence or absence of a profit motive” (Short et al. 2009: p. 172) it is appropriate to locate this entrepreneurial process at the heart of the organisation (inner ellipse-fig. 6.7).
Indeed the **basis for entrepreneurial action** is directly associated with the **mission** to provide reality and sustainability around: *resident valued services; innovation strategy; and satisfied stakeholders*. Lumpkin et al., (2012, p 8) conclude “whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force - its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the motivation”.

As discussed in section 6.81 this same motivation within the RACO delivers an innovation culture and practice (*outer and middle ellipses*) that converts opportunities into the services and products aligned to the needs of the organisation and its residents (Morris et al. 2011), (Van de Ven, Sapienza and Villanueva (2007).

Thus the ‘**inner ellipse**’ is driven by motivations, both organisational and individual, which are embedded in the organisation culture as modelled by reference to the ‘**outer ellipse**’ – antecedents and the ‘**middle ellipse**’ – conditions and characteristics. It is well established in the literature (Lumpkin et al 2012), (Austin et al. 2006) that such motivations give rise to a set of entrepreneurial orientations (EO) which drive social value creation (as SVP) when integrated with the people and capital resources factors in undergirding the opportunity (expressed as innovation) to meet the social need.

This RACO entrepreneurship is illustrated in the model (fig. 6.4) as resulting from the creative leadership and management of the Chair/CEO strategic relationship. In effect this leadership both commits to the vision and inspires the organisation such, that motivation and behaviour results in the social need being embraced by all. Through stewardship (holding in trust), the leadership seeks to act entrepreneurially by identifying and growing (**yellow arrows in ‘inner ellipse’**) each of the five EOs’ (**square boxes in ‘inner ellipse’**): *proactiveness; innovativeness; risk taking; autonomy; and governance*. In addition the leadership manages the interaction between each of the EOs’ (**black arrows**) using the facilities and resources to meet the sustained social value outcomes listed in the **‘orange rectangle’** in the ‘**inner ellipse’**.
6.9 Summary

Based on the findings of chapter 5 and the extant literature of chapters 2 & 3 this discussion identifies and explains the relationships within a RACO comprising cultural conditions, characteristics and motivations that underpin effective entrepreneurship and innovation in delivering sustainable resident valued services. The role and performance of the leadership team is examined and shown to be closely aligned with both personal and organisation values of which ‘trust’ and ‘integrity’ are most significant. Resident satisfaction in this study is the perception of the resident to identify with the concept “this is my Home” and comprising sub elements of: overall satisfaction; comfort; privacy and dignity; personal belongings; culture/spiritual; and independence. Amazingly residents indicated a 98% acceptance with “this is my home”.

Also assessed was the application of complexity theory to understanding the role of leadership in managing the complex entrepreneurial dimensions. The discussion suggests real value in this theory and a more extensive study is identified for future research. Discussion of the dimensions of stewardship theory demonstrate the importance of this concept to meeting the objectives of sustainable resident valued services and the type of leadership and staff needed to achieve this outcome.

The conclusions to be drawn from this discussion and proposals for future research are included in the next chapter 7 (Summary and Future Research).
Chapter 7

SUMMARY & FUTURE RESEARCH

7.1 Introduction

This chapter presents a summary of the answers to the research question. It is shown in 7.2 that the Health Audit is a valid and powerful tool to assess both entrepreneurial culture and innovation intensity. The use of complexity theory is simulated to model behaviour. 7.3 identifies the critical characteristics of leadership with a particular focus on trust and stewardship. In confirming the importance of EO to understanding the research question, a theoretical contribution is made to including autonomy as a major factor and adding governance to EO dimensions. Limitations of the research are reviewed in 7.7 and steps for future research in 7.8. Reference to practice contribution is in 7.9. The importance of governance to provision of sustained resident valued services through entrepreneurship are presented as a model in 7.10.

As already discussed, Australia’s population, like that in many countries is ageing. Significantly the average age of Australians is increasing, “Over the next 40 years, the number of Australians aged 85 and over — the major users of aged care services — is projected to more than quadruple, from around 0.4 million in 2010 to 1.8 million by 2050” (Australian Government 2010). On the dimension of demand, “the number of Australians receiving aged care is projected to increase by around 150% over the next 40 years. This equates to over 2.5 million older people (those aged 65 or older) or almost 8% of the population using aged care services by 2050 (Department of Health and Ageing, 2010). Government expenditure on aged care is expected to increase from 0.8 to 1.8 per cent of GDP by 2050” (Australian Government 2010).

In the light of this growth the National Aged Care Association (NACA) vision is that every older Australian is able to live with dignity and independence in a place of their choosing with a choice of appropriate and affordable support and care services as and when they need them (Productivity Report 2011). Similarly the National Senior’s Association (NSA) seeks “enhancing wellbeing or ‘quality of life’ as the goal of providing care and support for older Australians….quality of life should be a
fundamental goal of the aged care system” (2010, p. 9). Anglicare Australia advised the Productivity Commission that “in caring for older people, services have to take into account the needs of the whole person, physical, emotional, psychological, social and spiritual” (Anglicare Australia, 2010, p. 16). NSA argued that an aged care system: “… should not just ‘facilitate access to care’ or ‘guarantee an acceptable or even a minimum standard of care’, rather it should customise care and meet individual care needs as identified in a personal care assessment” (2010, p. 7). At present, however, the aged care system is more heavily focused on technical constraints, such as risk management, economic imperatives, and rigid timetabling. It is noted the Older People’s Reference Group (2010) sought reforms to the aged care system that embody the following principles and values: autonomy and choice; social inclusion and community participation, quality, equity and affordability; the crucial role of carers; information and access.

From a number of recent reports (Grant Thornton, 2008, Access Economics, 2010 and Productivity Report, 2012) it is clear that:

- The current system is not working well, with quality of care perceived as declining over the last five years. As demand is growing rapidly, tinkering with the system is not a long-term answer.
- Significant investment in aged care is needed, particularly for new facilities and in developing a skilled workforce to deliver age care. The current system is not sustainable without higher tax.
- A need to find new ways of financing aged care. A survey of more than 3,200 seniors found that many people would be prepared to pay for high quality aged care, while wanting a safety net for those who cannot afford to pay.
- Be consumer-directed, allowing older Australians to have choice and control over their lives and to die well
- Treat older Australians receiving care and support with dignity and respect
- Promote skill development through an expansion of accredited courses to provide aged care workers at all levels with the skills they need.

It is against this backdrop of the aged care industry, its leadership, its staff, and resident needs and values that-
1) the research question:

“Under what conditions, characteristics and motivations does entrepreneurial culture and innovation strategy enable the Board of an Aged Care Facility to govern for sustainable resident valued services”?

- was formulated to determine the role of entrepreneurial culture and innovation as a specific strategy of aged care organisations committed to developing sustainable resident valued care, and;

2) based on this understanding, a holistic model is presented that integrates RACO antecedents, conditions, characteristics and motivations with entrepreneurship/big I innovation practice delivering resident valued services, sustainable outcomes, and satisfied stakeholders.

7.2 Validated Entrepreneurial and Innovation Health Audit

Caring for the Aged in a way that respects independence and provides dignity to the person is just one aspect of the social problem encountered as the population ages. There are innumerable possibilities, and wicked problem theory tells us that there is not a finite or linear solution-set to solve the aged care dilemma. Tragically many politicians, and care providers fail to appreciate this dilemma and so respond by imposing even more regulation and control, but, as shown in this thesis, there are other providers (social entrepreneurs) who see this as an ocean of possibilities and opportunities. Also, taking note of Bygrave (1989a, p 21) that “the heart of the entrepreneurship process will be found in the descriptive background” and “we will not get to the heart of the process unless we observe it happening in the field”, a purposeful selection of recognised innovative aged care facilities is evaluated as a set of case studies to better understand the factors and dimensions leading to effective entrepreneurial processes and innovation.

Importantly Ireland et al. (2006) showed that organisations with an entrepreneurial mindset are those where an Entrepreneurial Health Audit is adopted and valued. Significantly each RACO case in this study readily accepted the adapted health audit as a tool they can use to assess the degree to which its employees, leadership and board are
prepared to engage in entrepreneurial behaviour as exercised through innovative, risk-taking, autonomous and proactive actions.

The adapted Entrepreneurial Health Audit (AEHA) involves assessing the RACO internal work environment and culture to measure and understand the factors (conditions) accounting for the degree of entrepreneurial intensity. The AEHA involves three-stages: firstly, the RACO’s level of entrepreneurial intensity is determined; secondly, the RACO’s internal work environment is examined to understand the factors accounting for the degree of entrepreneurial intensity the organisation has at a point in time and; thirdly, the audit reveals the type of work to complete to help employees form an entrepreneurial mindset as the source of and reinforcement for the entrepreneurial behaviour they need to display for sustaining innovation performance.

The findings (Chapters 5 and 6) confirm the power of the Social Entrepreneurship Conditions Instrument (SECI) to discriminate between various perspectives on innovation from differing management positions in the organisation, such as Board Chair, CEO or Director of Nursing (DON). These results, taken together, indicate the Board establishes a strong vision based strategic innovation direction and the management team of CEO and DON provide a strong commitment and practice to establishing a dynamic entrepreneurial/innovative culture. The culture is directed at recognising opportunities that surface in the RACO internal and external environment and followed by commitments, decisions, and actions necessary to pursue them, especially under conditions of uncertainty that commonly accompany rapid and significant environmental changes.

In addition the Health Audit is a successful management tool to measure the five factors found to be antecedents to social entrepreneurship (Ireland et al. 2006): management support; work discretion; reward potential; time availability and organisation boundaries. The ‘tool’ thus provides an insight into how the respondents perceive their workplace and organisation in terms of conditions, characteristics and motivations and how the aged care facility has developed to achieve the current level of entrepreneurial intensity.
All surveyed participants both identify innovative behaviour and rank the entrepreneurial climate as high for conditions generated by strong ‘management support’, ‘work discretion’ and ‘reward reinforcement’ but perceive the conditions as medium for both ‘time availability’ and ‘organization boundaries’ (Fig 5.7). These results agree well with the structured interview data (Fig 5.6) and point to the value of the SEICI as an indicator of where training is necessary to bring the entrepreneurial climate to a satisfactory level. For these organizations training programs will be useful for staff associated with issues around time availability to practice innovation and improvement in transparency across organisational boundaries in implementing innovations. An overarching condition for a sustainable and dynamic entrepreneurial culture is the presence of ‘trust/integrity’ in both the personal and management dimensions and is a fundamental component of a stewardship management culture.

Given the context and nature for delivery of aged care services: the excessive and continuing stress from meeting government regulations and quality audits; the impact from limited access to financial resources; difficulties in recruiting quality staff; and managing such an organisational environment to deliver a sustainable innovation culture across all levels of management, posits a very complex situation in which to deliver sustainable resident valued services.

7.2.1 Theoretical Contribution – Complexity modeling of ‘Management Support’.

To help understand the dynamics of this environment and develop elements for a strategic model of sustainable innovation in RACOs’, aspects of complexity theory (or emergence of order) are discussed. Within the RACO the advent of change and emergence of order is not static and adaption to this change is unlikely to be linear and mechanistic (Besanko, Dranove and Shanley, 2000). The application of complexity theory to this advent of change treats organizations and firms as collections of strategies and structures or ‘agents’, for example within a RACO: boards; managers; entrepreneurs; organisations; staff, residents; suppliers and family visitors.
Davison (2012) states such order requires no design or overarching system-level rules and the system is said to be “self-organising”. In applying this “self-organising” principle to RACOs generating social entrepreneurship, it is apposite to note McKelvey, (2004) described such disequilibria dynamics as consisting of a small number of relatively simple and partially connected structures that may adapt to their environment (culture) and, thus, survive and result in ‘order creation’.

Using simulation, Davis, et al. (2009) show such nonlinear behaviour (adaption) produces an inverted U (type)-shaped relationship between the amount of structure (rules and process) and agent performance, a relationship often observed when tensions are at work between increasing dynamism, opportunity intensity, minimum time window, and need for rules and process (D'Aveni, 1994).

Considering the applicability of the above to understanding the relationship of this complex environment to actual RACO performance, and using the initial steps proposed by Davisson (2012, p 3), a pilot assessment for the presence of an inverted U(type)-shaped relationship between ‘management support’ and ‘performance’ is presented (fig. 6.2). This assessment is based on an agent-based model for achieving an entrepreneurial culture and innovation strategy that enables the Board of a RACO to govern for sustainable resident valued services. The tentative conclusion of an asymmetric relationship suggests that low levels of management support for opportunity recognition and development limit performance in innovation intensity. At the other end it is suggested that too much support for opportunity focus may hinder innovation intensity performance. It can be theorised that an extreme focus on innovation and change will impact negatively on the efficient delivery of the RACO services. As proposed later, the extension of this pilot examination of complexity theory to aged care organisations using simulation algorithms is a topic for future research.

7.3 Entrepreneurial Characteristics and Leadership

The content analysis of the structured interviews (Fig 5.6) confirms that each of the participants (Chair, CEO, DON) reflects differing perspectives but all identified and understood the basic elements characterizing an innovative organization and associated
leadership compared with the more traditional characteristics found in autocratic and hierarchical models. Indeed the strongly identified RACO characteristics (e.g. trust, opportunity focus, resident focus, community focus and innovative strategy, Fig. 5.6) align more with a leadership and organisation style based on facilitating a relationship with others as in a stewardship model. Such stewardship (Davis, Schoorman, & Donaldson, 1997) seeks to involve others in decision making, is strongly based in ethical and caring behavior, and enhances the growth and performance of care-staff, while improving the resident’s experienced value of the caring and quality of organizational life.

7.3.1 Theoretical Contribution – Trust & Stewardship Principles.

It can be concluded that the primary presence of trust/respect within the internal environment and management team of the RACO is associated with the espoused values of the organisation and the perceived delivery of services as expressed in Table 5.2- namely those referring directly to the establishment of trust: - *within the work place*; *between employed staff*; and *support of organisational management* were either agreed to or strongly agreed to as impacting on the capacity to behave innovatively. This finding is collaborated by the rejection of ‘*rigid chains of command*’ and neutral responses on ‘levels of management in this organisation’ are about right. Living this level of ‘trust’ amongst the management team extends into the organisation culture as indicated in the expressions of ‘a very true’ level of agreement with the characteristics of: ‘seeks and exploits opportunities’; ‘drives the vision’; ‘emphasises stakeholder values’; and ‘enhances awareness of organisation reputation’ (Audit results from appendix 4.4 and shown in figure 5.10). The RACO management team is committed to living these values in the provision of sustainable resident valued services. Such trust refers to an individual's willingness to be vulnerable to another party and the expectation that the interactive party will not behave opportunistically even when such behavior cannot be detected (Mayer, Davis, & Schoorman, 1995)

The characteristics identified above are in accord with the principles of stewardship theory where organizational managers and directors’ demonstrably act as responsible stewards of the assets available to deliver the mission of the organisation and the
managers seek other ends besides financial ones e.g. a sense of worth, altruism, a good reputation, a job well done, a feeling of satisfaction and a sense of purpose. Such stewardship (to hold in trust) is a commitment to the act of care/caring, the respect for humanity for those who are vulnerable and recognising that care is delivered in the most intimate of circumstances, and is associated with the RACO gaining a distinct reputation for injecting a human touch into their relationships with residents (customers, Lyman, 1991) and their employees (Westwood, 1997).

Indeed this interplay between trust and governance is a strong component of RACO culture and confirms the finding (Davis et al. (2010, p 1108-09), that value commitment “is strongly associated with perceptions of stewardship …... and value committed employees share the values of the organization and agree with the core mission and purpose of the organization; they identify with the organization”.

Another important aspect of stewardship theory is the commitment and identification with the vision or need of the RACO and each taking responsibility for actions and processes to sustainably achieve the need. Mason et al. (2007: 290) confirmed this principle with the finding that “at the management level there is support for the stewardship approach, where the managers/entrepreneur are also members of the defined community that the enterprise serves”.

It is concluded that RACO managerial decision-making is closely aligned with the required needs of the resident community and is successful in prioritising, safeguarding and balancing stakeholder interests. This is because the leadership and manager have an empathy and clear focus on the recipients of social benefit. Taken together with the values and practices exhibited by the management team and operational staff, it is concluded that stewardship theory provides the major understanding as to the culture and motivations observed within the innovative RACO behaviours. As illustrated in figure 6.4, this central role of trust, responsible action and stewardship is at the heart of governance practice that encourages and values entrepreneurship and innovation to deliver sustainable outcomes.

7.4 Social Motivations and Entrepreneurial Orientation

In considering the antecedents for social entrepreneurship, Austin et al. (2006) identify the individual motivation or organisational mission as the basis for action as a
significant antecedent in distinguishing social entrepreneurship from commercial entrepreneurship and establishing the social value proposition (SVP). The concepts and antecedents of motivation and social mission, opportunity identification, access to capital and multiple stakeholders along with the applicability of the dimensions of entrepreneurial orientation (EO): innovativeness; proactiveness; risk taking; competitive aggressiveness; and autonomy (Lumpkin and Dess, 1996), are strongly correlated with the three outcomes of social value creation, sustainable solutions, and satisfying multiple stakeholders (Moss, Lumpkin and Short 2008). Lumpkin et al., (2012, p 8) conclude “whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force; its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the motivation”. In addition, Morris et al.( 2011, p 951) suggests “that entrepreneurship manifested in not-for-profits is significantly influenced by the nonprofit’s unique social mission-driven motivation, which in turn shapes key processes and outcomes”

This sense of social mission is indeed the motivation for action in each of the RACOs researched for this study. Examination of the five dimensions of EO, innovativeness; proactiveness; risk taking; autonomy and governance reveals the relevance of the concept in understanding the outcomes of the RACOs in meeting resident valued needs with the addition of a further dimension of ‘governance’.

Indeed these EO dimensions recognised in each RACO’s strategic goals, cultural behaviour, leadership and staff are found to be associated with values that brings ideas to life, persuades and inspires others to action, and creates and sustains a total environment within the RACO which is ‘opportunity focused’ and delivers a ‘resident focus’ service. This action oriented spirit applies to all decision makers within a RACO. Indeed the CEOs ‘strongly agree’ that ‘innovation, risk taking and trust are core values of this organisation’ (Table 5.2) delivers strong, quality and sustainable services for all stakeholders.

As discussed in chapter 6, the EO dimensions of ‘innovativeness’, ‘proactiveness’ are primary drivers of sustainable innovation and confirm the findings of Lumpkin et al. (2012). In terms of ‘risk taking’ the emphasis is less on bold actions and attracting resources but rather “In regard to risk taking there is a different dynamic in fulfilling
mission. The focus for the group, (and different members of the team will tell you different aspects) has been really on operational efficiency, operational effectiveness and executing very strong financial performance at the same time of realigning the business for what are the market pressures that are about to hit us from the consumer segment”. (CEO data centre 3)

7.4.1 Theoretical Contribution – Autonomy as a major EO Dimension.

An important finding in this study is the very strong alignment with the EO dimension of ‘autonomy’. Drawing together the comments and findings of conditions, characteristics and motivations associated with the practice and performance of the RACOs (Table 6.4), provides an insight into the factors impacting the dimension of ‘autonomy’. These factors support the general findings of Lumpkin et al. (2012) in terms of fostering independent action but disagree that collaboration limits independent modes of operating. Indeed the interviewees and survey findings confirm the strong commitment to collaboration in achieving high resident care and satisfaction along with encouraging autonomous action in developing opportunities. Within the RACOs studied the EO dimension of ‘autonomy’ ranks in importance along with ‘innovativeness’ and ‘proactiveness’ in achieving the social mission.

7.4.2 Theoretical Contribution – Governance as New EO Dimension.

As with for-profit and not-for-profit organisations, ‘governance’ involves the board and its directors who are responsible for the governance and management of the affairs of the organization. A primary concern of the Board is developing and approving organisation strategy to deliver the outcomes of social value creation, sustainable solutions and satisfying multiple stakeholders. Examination of the triangulation assessment of conditions, characteristics and motivations (Table 6.5) identifies the Board’s mission in achieving the outcomes is to ‘enhance organisation reputation’, ‘to drive the vision of service’, ‘enhance overall service performance’, and ‘encourage challenge’ and embrace values such as trust, philanthropy, volunteerism, and their independence to act as advocates and providers of services for their residents, clients or members (Alexander and Weiner, 1998)

In data centre 4 the Board have “set up a series of subcommittees (fiancé & property,
dementia care, chaplaincy) with a very hands on role from a governance and stewardship perspective to make sure that the organization operates effectively, promotes innovation, and fulfils its mission”. Each RACO exhibits the same focus with respect to governance in harnessing organisation conditions, characteristics and motivations that lead to mission oriented entrepreneurial outcomes. This consistent motivation is the basis for including ‘governance’ as an additional dimension of EO along with innovativeness, proactiveness, risk taking, and autonomy. It is noted that the dimension of ‘competitive aggressiveness’ was not relevant to a RACO in the aged care industry.

7.5 Management Team Mindset

Based on the personal characteristics of the Chair of the Board (fig. 5.9), the opportunity characteristics of the Chair 5.10) and the leadership perspectives of the Chair/CEO (Fig. 5.6) it is concluded that these management teams responsible for the performance of RACOs in this study (fig. 6.3) outperform the average performance from an Australian study of Board performance (Kakabadse et al. 2008) on all compared dimensions, namely: ‘determine organisation strategy’; ‘drives the vision’; ‘enables understanding of organisation strategy’. It is clear that such commitment and understanding of vision and strategy are essential elements in organisation performance.

Such a mindset is clearly integral to the leadership of the RACOs in this study and is critical to their vision of an entrepreneurial orientation and innovation culture within the organisation to deliver sustainable resident valued services.

This study applies the concept of a ‘visioning map’, developed by Kakabadse et al. (2008), and successfully captures an understanding of the ‘mind-set’ in the Chair/CEO interface – “how the individuals, together with their colleagues, envisage a future and subsequently take action (Kakabadse et al. 2008, p 143). This tool, based on the four dimensions: centeredness; behaviour orientation; interfacing; and cognition, is illustrated in Figure 4.4.

Based on these four dimensions the organisations can be categorised as having a mind-set where the Chair provides a balance to each of the dimensions and the CEO is leading through strong measures of creativity, extroversion, rationality and direction but with a counterbalance to being pragmatic.
The CEO (data centre 4) comments

I’m here for a moment in time in the organisation’s life and my role is to work with the board, we set the strategy, the KPI’s, the outcomes and we have our strategic planning sessions every year, we look at the constitution, we look at our value statement, we say at the end of that – have we actually complied with our goals in terms of the organisation? So, both the board and I take that role very seriously. So, for me stewardship is about fulfilling firstly, what the board wants, and secondly recognising the board takes its governance role/stewardship very seriously and together we make sure the organisation and staff behaviour the mission across the whole range of activities.

7.6 Sustainable Resident Valued Services

An important corollary to the strong levels of social entrepreneurial and innovation intensity (SEII) (figures 5.2, 5.3) observed within each RACO, is the evidence that the innovation culture and developed innovations feed directly into the resident’s perceived valuing of the delivered service, e.g.:

What’s paramount for us in this organisation is that we provide the best possible care to each resident as an individual that we possibly can and by that I mean while we have an innovation culture, procedures and policies, we seek to adapt our service to individual needs – if a person needs some specialized and individual attention (and I am not talking about clinical care) it may include a whole range of things (chaplaincy, spiritually, diet, food, activity) we try and do what we can to enable that to happen so that certainly from my and the board’s perspective we empower those staff to be able to deliver such service (CEO data centre 6).

Make sure there is enough staff interaction with the resident – those that don’t have a lot of family and when the carer or nurse interacts it’s not just a clinical task – it’s actually saying hello, smiling and some sort of interaction, making sure the meal comes at the right time, properly prepared and meets the requirement of the individual (CEO data centre 5).

It is this demonstrated culture, where 92% of residents agreed ‘staffs are caring and helpful’, that produce the result where 98% of residents express a positive endorsement to the consolidated question ‘do you personally feel this is your home?’ comprising responses to the sub elements of: overall satisfaction, comfort, welcome, privacy and dignity, personal belongings, culture/spiritual, independence (Fig. 5.8). It is also noted these residents call the RACO home for an average of 6 years. It is concluded that such
sustainable resident satisfaction in each RACO, is an outcome of the conditions, characteristics and motivations within the holistic stewardship philosophy of the board, CEO and staff.

7.7 Research Limitations

The applicability of this research, by its nature, is particularly limited as it relies on a single interviewer, a small number of RACO cases, and a ‘best exemplar’ selection from a single industry sector and in a single country. Despite this, it is likely that the findings have a broader applicability than the study sample. In particular, as the sample includes six examples of acknowledged ‘best innovators’ from four State regions within the regulation of the Commonwealth Government, it is likely that the findings are applicable to the development of federal policy and the defining of ‘best practice’ in the aged care industry.

It is important to note the participating organisations were selected on the basis of the existence of a professional Board as the approved provider, Board understanding of innovation and social entrepreneurship, well-structured relations among the Board, CEO, and DON, the occurrence of specific innovation initiatives at all levels in the organisation, a commitment to assess resident satisfaction, and a history of successful accreditation. Furthermore each facility is of similar scale thereby minimising scale effects, operate similar businesses thereby minimising industry effects, and serve similar markets and are regulated by the same government laws thereby minimising the impact of the regulatory environment.

While the limitations described above are recognised, data triangulation combined with the replication of the findings across six cases, suggests that they are reliable. While the research shows an association between the conditions, characteristics and motivations derived from the surveys and interviews with social entrepreneurship behaviour, it does not show whether the conditions, characteristics and motivations exhibited by the RACO are a precursor to social entrepreneurship or a consequence of it. This therefore maybe a corollary of Zahra and Covin’s (1995) observation, that they could not show whether superior financial performance was a consequence of corporate entrepreneurship or vice versa.
In many cases, which come first - the chicken or the egg, may be a less important question whether the board develops the perceptions and adopts the attitudes required for social entrepreneurship to flourish. What is important is whether the board strongly supports developments that lead to an innovation culture and entrepreneurial behaviour.

As the literature identifies nursing innovation is an important characteristic of caring in both clinical practice and aged care. The inclusion of this characteristic leads to two important questions. What was the impact of its omission from the selected primary node selection for the NVivo® analysis, and second, would its inclusion in these primary nodes have led to different results?

The objective of the primary node selection depicting RACO behaviour was to provide a measure of the perceptions by the leadership team in terms of values, behaviours and leadership that could be used in the specific case of social entrepreneurship in aged care. As such the primary nodes envisaged a logical relationship between the behaviour of the Chair/CEO management processes identified in the literature.

The omission of the node representing clinical innovation had the potential to bias the results by excluding a key issue of the analysis. The impact of this omission is believed to be minimal as firstly the emphasis in the research question is on governance. Secondly the contribution of nursing innovation to overall performance of the RACO was incorporated in the perceptions and examples provided by the Director of Nursing in the capacity as a member of the management team. Indeed many innovations attributed to the registered nursing staff were identified. Primarily this research was not focused on nursing as a function but on the strategic management and outcomes led by the chair of the board and the management team. This understanding is represented in Figure 2.3.
7.8 Future Research

7.8.1 Extending Research Sample of RACOs

As identified under ‘limitations’ of the research methodology (7.7) and using a ‘best exemplars’ purposeful sample selection, there is a need to extend the research of this study to include RACOs representing less innovative but still service oriented organisations. The future research would seek to purposefully select a sample characterised as follows:
They have boards with a high level of independence from operations; they have board members that generally represent not-for-profits; they have boards with a separate chair and chief executive.

This makes it more likely that the board has practical, as well as theoretical control, over the management of the company. As in the thesis study such a purposeful sample will contribute to case validity by virtue they:

- are of similar scale thereby minimising scale effects;
- operate similar residential services thereby minimising industry effects;
- serve similar socio economic groups and are regulated by the same laws thereby minimising the impact of the Government regulatory environment;
- are not a sample of convenience, that is, they have been selected because they belong to a chosen service demographic rather than because they are accessible;
- have a track record of successful accreditation with the government regulator;
- and a commitment to assess resident satisfaction.

Each selected RACO would initially complete the Health Audit developed in this study. Following the audit and identification of areas of minimal performance in regard to innovation practice, a series of training sessions would be offered to the facility seeking to gain a commitment to implementing an innovation strategy and processes. After a period of six months the RACO would repeat the Health Audit and interview protocols and the results compared with the initial assessments.

Using the combined data, it would be possible to test the findings established in this current study as to their capability of being generalizable to the aged care industry.

7.8.2 Franchising Aged Care Delivery

In reviewing the Productivity Commission Report (2011) titled “Caring for Older Australians” and released in the later stages of this research, its impact was canvassed with the Chairs and CEOs of the of the RACOs of this study. Importantly two Chairs and one CEO commented “It’s very much like the franchise model with the government being the franchisee of the business and putting in place an operating system to provide a service on behalf of themselves” (Chair data centre 3). Discussion posed the
opportunity to assess a possible entrepreneurial framework and understand the concept of government franchising in the aged care industry.

A question that arises is as follows:

“What is the impact of an entrepreneurial framework within the complex interactions of social and economic regulations of government, acting as the ‘franchisor’, on the opportunity orientation and performance of the providing RACO ‘franchisee’?”

To explore this question it is proposed a qualitative approach is used to investigate the potential entrepreneurial framework within the complex interactions of social and economic regulations of government (the “franchisor”) on the opportunity orientation and performance of the providing RACO “franchisee”. An initial assessment of the Australian Government Report, “Caring for Older Australians” by the Australian Productivity Commission (2011), using NVivo content analysis techniques identified four main nodes that could be identified within an entrepreneurial framework associated with complex franchise interactions: - policy objectives (or sense-making), care delivery (or engagement), funding (resources made available to enable the intervention to happen), and performance auditing (formal and informal appraisal of the benefits and costs of the intervention) - for regulating the aged care industry.

It is proposed the different interests and attitudes of “franchisor” and “franchisee” toward risk, entrepreneurship, and innovation concepts leading to divergent decision-making preferences be considered as components of agency style orientations within an entrepreneurial framework. The six RACOs of this thesis could form the sample for the “franchisor” case sample for this study.

The literature suggests two theories are relevant to understanding the franchising concept in aged care provision. The first is normalization process theory (NPT) theory that identifies factors that promote and inhibit the routine incorporation of complex interventions into everyday practice such as accreditation, quality audits, financial audits, and provider licenses. It also explains how these interventions work, looking not only at early implementation, but beyond this to where an intervention becomes so embedded into routine practice that it is normalized or “disappears” from view.
The second is agency theory and is concerned with exchanges in which one party (the principal) delegates responsibility for a specific set of actions to another party (the agent). A core assumption of agency theory is that agents and principals (both of whom are self-interested) are likely to have different interests and attitudes toward risk, entrepreneurship, and innovation – all contributing toward divergent decision-making preferences.

It is speculated that the main components of the government franchisor - RACO franchisee relationship are not linear, but are dynamic in nature within the wider intervention context. These relationships could be developed in exploring the entrepreneurial framework.

7.8.3 Applying Complexity Modelling

As discussed in chapter 6, the applicability of complexity theory to understanding the relationship of a complex environment to RACO performance was discussed using, a pilot assessment for the presence of an inverted U-type shaped relationship between RACO management support and innovation intensity (Davisson 2012). This simple pilot assessment was based on a network of agents for achieving an entrepreneurial culture and innovation strategy that enable the Board of a RACO to govern for sustainable resident valued services.

The positive outcome in this limited analysis indicates the need for greater insight into the interplay of such functions as structure, efficiency, and flexibility on innovation and entrepreneurship. It is concluded the indications embedded in fig. 6.2 strongly support the value of furthering research into the contribution of complexity theory to understanding the performance of aged care organisations.

It is proposed the initial pilot be extended to developing a full simulation model that allows for interactive assessment of ‘agent’ combinations and to compare these outcomes with actual performance in the workplace of the RACO. It is proposed such an agent-based simulation model be created using the steps described by, Davison (2012, p 3):
1. “Identification of key agents within entrepreneurial environments;

2. Identification of possible causal mechanisms emerging from prior theory, experiment and qualitative studies. These may be a combination of entrepreneurial behaviours and goals, as well as environmental conditions and events;

3. Coding of these mechanisms as algorithmic agent and environmental rule;

4. Running of simulations to calibrate mechanisms and agent structure;

5. Longitudinal data collection on the structure of entrepreneurial relationships germane to the coded constructs of the model;

6. Identification of emergent structure in the simulated models and development of statistical measures to recognise its presence in the longitudinal data;

7. Determination of mechanisms providing the greatest statistical correspondence to accumulated data;

8. Repetition and redefinition”.

7.9 Practice Contributions

The importance to the aged care facility completing the entrepreneurial health audit is in providing measurement and feedback that allow the board, management, and care staff to understand the relevance of entrepreneurial intensity to the provision of resident valued innovation services. In particular such measurements identify innovation weaknesses and point to the need for specific training in innovation related skills.

The Social Entrepreneurship Conditions Indicator (SECI) is appropriate to developing a profile of a facility across the dimensions and internal culture variables discussed in Chapter 6. The SECI is thus of significant benefit to aged care facilities and is of value to both facility management and academic researchers. For facility managers, the SECI provides an indication of a RACO’s capability to successfully implement an entrepreneurship strategy. It highlights areas of the internal work environment that should be the focus of ongoing design and development efforts. Significantly the SECI can be used as an assessment tool for evaluating corporate training needs with respect to entrepreneurship and innovation. Determining these training needs sets the stage for improving managers’ skills and increasing their sensitivity to the challenges of eliciting
and then supporting entrepreneurial behaviour. For researchers, the instrument can be combined with other measures to explore the dimensions of entrepreneurial behaviour in established RACOs that enhance understanding of which controllable factors within the internal work environment influence employee actions.

Overall the research instruments applied in this thesis do provide feedback on training needs to enhance entrepreneurial decision making; provide information on conditions, characteristics and motivations to manage internal culture; and guide the development of an entrepreneurial culture to deliver sustainable resident valued services.

7.10. Model for Sustainable Innovation within a Resident Aged Care Organisation

As established from the literature and the results of this study, social entrepreneurship in the aged care industry is associated with the pursuit of opportunities for enhancing facility performance and resident satisfaction, where unique resource combinations and innovations produce significant and sustainable outcomes.

Extending the context of this social entrepreneurship framework, Lumpkin et al. (2012) developed the concept of entrepreneurial orientation (EO) as the social entrepreneurial process leading to social outcomes through social value creation. Their linear model (Lumpkin et al. 2012) links the presence of antecedents in the aged care industry through EO to deliver social outcomes that meet the community need for aged care and the satisfaction of the residents using the system. In addition, it was shown in section 6.8.1, big-I innovation is central to the delivery of sustainable ‘resident valued services’. It is argued that such innovation, culture and practice, and ‘opportunity focus’ is the essential ‘tool’ (Drucker, 1985) for effective and sustainable entrepreneurship.

These two perspectives, innovation and entrepreneurship illustrate the reality of the interaction and intertwined processes at work in transforming opportunity into sustainable value as perceived by the ‘customer’ or resident of an RACO.

As argued throughout this study entrepreneurship is understood most effectively as a dynamic holistic process. The model presented in figure 6.5 reflects this fundamental understanding with entrepreneurship at the ‘heart’ of a RACO and from the six case studies achieving effective innovation is closely associated with ‘motivation’ and the
application of the EO dimensions of innovativeness, proactiveness, risk taking, autonomy and governance.

Indeed this basis for RACO entrepreneurial action is directly associated with the mission to provide reality and sustainability around: *resident valued services; innovation strategy; and satisfied stakeholders*. This finding confirms the conclusion of Lumpkin et al., (2012, p 8) “whether explicitly stated or tacitly acted out, an enterprise’s mission provides its animating force - its basis for action. It captures both the motivation of the entrepreneur(s) and the corresponding goals needed to address the motivation”.

This RACO entrepreneurship is illustrated in the model (fig. 6.5) as resulting from the creative leadership and management of the Chair/CEO strategic relationship. In effect this leadership both commits to the vision and inspires the organisation such, that ‘motivation’ and behaviour results in the social need being embraced by all. Through stewardship (holding in trust), the leadership seeks to act entrepreneurially and innovatively by establishing a culture of trust and integrity through provision of ‘management conditions’ and personal ‘characteristics’. All this is within an external environment the Board recognises as composed of antecedents associated with accepting the challenge to provide valued resident care.
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APPENDICES

Appendix A 4.1

SECI (CEO/DON)....#

QUESTIONNAIRE

Social Entrepreneurial/Innovation Conditions Instrument (CEO/DON)

Adapted from © Donald F. Kuratko & Jeffrey S. Hornsby, 2007

We are interested in learning about how you perceive the workplace and organization of your aged care facility.

There are six (6) sections to complete:

Section 1: Management Support for Social Entrepreneurship and Innovation
Section 2: Work Discretion
Section 3: Rewards/Reinforcement
Section 4: Time Availability
Section 5: Organizational Boundaries
Section 6: Specific Climate Variables

As you consider each statement please provide your answer using the five point scale to indicate how much you agree or disagree with each of the statements. The scale for deciding your response is set out for you below. Tick the box with the number that best corresponds with your answer.

At the end of each section a box has been included for comments you may wish to add regarding any of the statements relevant to the section.

Thank you for taking the time to complete the survey. All responses will be kept strictly confidential. (please refer to correspondence) Your input to this research activity is highly valued.
## Section 1: Management Support for Entrepreneurship

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Strongly Agree</th>
<th>5</th>
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<tbody>
<tr>
<td>1.</td>
<td>My organization is quick to use improved work methods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Strongly Agree</td>
<td>5</td>
</tr>
<tr>
<td>2.</td>
<td>My organization is quick to use improved work methods that are developed by our workers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Strongly Agree</td>
<td>5</td>
</tr>
<tr>
<td>3.</td>
<td>In my organization, developing one’s own ideas is encouraged for the improvement of the corporation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Strongly Agree</td>
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<td>My job is structured so that I have very little time to think about wider organizational problems.</td>
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<td>40.</td>
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<td>My co-workers and I always find time for long-term problem solving.</td>
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Section 5: Organizational Boundaries

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<td>In the past three months, I have always followed standard operating procedures or practices to do my major tasks.</td>
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<td>There are many written rules and procedures that exist for doing my major tasks.</td>
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<td>47.</td>
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Comments:

Additional comments:
QUESTIONNAIRE

Social Entrepreneurial/Innovation Conditions Instrument (Board)

Adapted from © Donald F. Kuratko & Jeffrey S. Hornsby, 2007

We are interested in learning about how you perceive the workplace and organization of your aged care facility.

There are six (6) sections to complete:

- Section 1: Management Support for Social Entrepreneurship and Innovation
- Section 2: Work Discretion
- Section 3: Rewards/Reinforcement
- Section 4: Time Availability
- Section 5: Organizational Boundaries
- Section 6: Specific Climate Variables

As you consider each statement please provide your answer using the five point scale to indicate how much you agree or disagree with each of the statements. The scale for deciding your response is set out for you below. Tick the box with the number that best corresponds with your answer.

At the end of each section a box has been included for comments you may wish to add regarding any of the statements relevant to the section.

Thank you for taking the time to complete the survey. All responses will be kept strictly confidential. (please refer to correspondence) Your input to this research activity is highly valued.
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<td>39. My outside responsibilities are structured so that I have very little time to think about wider organizational strategies and problems.</td>
<td></td>
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<tr>
<td>40. I feel that I am always working with time constraints in my board activities.</td>
<td></td>
<td></td>
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<tr>
<td>41. My fellow board members and I always find time for long-term strategic thinking and actions.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Comments:**

### Section 5: Organizational Boundaries (From Board Perspective)

**Comments**

**Additional comments:**
Appendix A 4.3

Questionnaire

**MOEI**

Measuring the Organisation’s Entrepreneurial/Innovation Intensity

This questionnaire has been designed to learn about how you perceive the degree of entrepreneurial/innovation intensity within your organisation. For your information we have included a definition for both entrepreneurship and innovation that you may find useful as you contemplate your response to the questions in this survey.

*Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation.*

(Timmons, Gillin et al 2010, New Venture Creation (p101)

*Innovation is the process of taking a recognised opportunity and adding value to the already existent invention, process, product or service and at a “price” the customer will pay.*

(Timmons, Gillin et al 2010, New Venture Creation (p 408)

For the following statements, there are 3 different formats used to gain your responses:

1. Strongly agree to strongly disagree;
2. Significantly more to significantly less; and
3. Not at all to a great extent.

For each question/statement please tick the number that best corresponds to your level of agreement.

*Please note that questions 4, 6, 7 and 11 are reversed scaled*

At the completion of each section a box has been included for comments you may wish to add regarding any of the statements relevant to the section.

Thank you for taking the time to complete the survey. Your input to this research activity is highly valued.

Our facility is characterized by:
<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Strongly Agree</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>a high rate of new service introductions, compared to our competitors (including new features and improvements)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2.</td>
<td>an emphasis on continuous improvement in methods of service delivery</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.</td>
<td>risk-taking by key executives in seizing and exploring growth opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>a &quot;live and let live&quot; philosophy in dealing with competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>seeking of unusual, novel solutions by senior executives to problems via the use of &quot;idea people&quot;, brainstorming, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.</td>
<td>a top management philosophy that emphasises proven services, and the avoidance of heavy new service development costs</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments:

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<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Strongly Agree</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>cautious, pragmatic, step-at-a-time adjustments to problems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>active search for big opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9.</td>
<td>growth as the dominant goal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>large, bold decisions despite uncertainties of the outcomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>compromises among the conflicting demands of owners, government, management, customers, employees, suppliers, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>steady growth and stability as primary concerns</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments:
New Service Introduction to the Facility (with a focus on the residents)

Please note the next rankings are based on your experience with the products, service and processes that impact the performance of the aged care facility or organisation:

1. What is the number of new services your facility introduced during the past two years? ...................................................................................................................................................

<table>
<thead>
<tr>
<th></th>
<th>Significantly Less 1</th>
<th>2</th>
<th>Same 3</th>
<th>4</th>
<th>Significantly More 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>How many existing services did you significantly revise or improve during the past two years?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>How does the number of new service introductions your organisation made compare with those of the industry?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. To what degree did these new service introductions include services that did not previously exist in your industry ("new to the industry")?

Comments:

New Product Introduction to the Facility

1. What is the number of new related products your organization/facility has introduced during the past two years? ........................................

<table>
<thead>
<tr>
<th></th>
<th>Significantly Less 1</th>
<th>2</th>
<th>Same 3</th>
<th>4</th>
<th>Significantly More 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>How many related product improvements or revisions did you introduce during the past two years?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>How does the number of new Related product introductions at your organisation compare with those of your major competitor?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not At All 1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>-------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>4</td>
<td>. To what degree did these new Related product introductions include products that did not previously exist in your industry (&quot;new to the industry&quot;)?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>To what degree did these new Related product introductions include products that did not previously exist in your facility (&quot;new to the facility&quot;)?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comments:**

**New Process Introduction**

Please estimate the number of significant new methods or operational processes your organisation implemented during the past two years?

Examples of process innovations include:

- new systems for managing resident services or care activities;
- new systems for managing staff requirements or recruitment;
- new systems for efficient control of food and health regulations;
- an improved process for collecting resident co-payments; and
- or measuring resident satisfaction

**Comments (number and description):**
QUESTIONNAIRE

CAUD #...........

Chairman Audit Check List

NOTE:
This questionnaire is included on pages 289-290 of the print copy of the thesis held in the University of Adelaide Library.
Appendix A 4.5

QUESTIONNAIRE

Chairman Audit Check List Adapted from © Kakabadse & Kakabadse, 2010

NOTE:
This questionnaire is included on page 291 of the print copy of the thesis held in the University of Adelaide Library.
BPA #..........

Board Performance Assessment

Adapted from © Kakabadse & Kakabadse, 2008

NOTE:
This questionnaire is included on page 292 of the print copy of the thesis held in the University of Adelaide Library.
QUESTIONNAIRE

RES #............

Condensed ‘Resident Survey’ from Data Centre Resident Surveys

Based on the concept “It is your (the resident’s) home”

Each question measure is the mean for the items in red

1. How long have you lived at Resident Facility.... Years

   YES       NO

2. Do you enjoy your meals?

   (Food service, choice, quality)

3. Are the staff caring and helpful?

   (Staff skills, personal care, overall care, safety, sleep)

4. Do you enjoy the activities available?

   (Activities, garden, resident meeting)

5. Is your medication well managed?

   (Medication, pain management)

6. Do you personally feel this is your home?

   (Overall satisfaction, comfort, welcome, privacy and dignity, personal belongings, culture/spiritual, independence)
INTERVIEW PROTOCOL

Project Title: Governance and Stewardship in the Aged Care Industry:
Evaluating a Model of Corporate Social Entrepreneurship

The Relationship of Board Culture to Entrepreneurial Behaviour.

Formalities

Confirm permission to record interview.

Confirm receipt of letter describing project.

Obtain signed Disclosure and Consent Form.

Overview Corporate Social Entrepreneurship & Innovation

The concepts of corporate social entrepreneurship and innovation mean different things to different people. In the context of this study, following Howard Stevenson’s work, we define corporate social entrepreneurship as the pursuit of desirable and feasible future situations within a not-for-profit or faith based organisation and without regard to the resources currently controlled.*
Discussion Topics

1. Extent of corporate social entrepreneurship & innovation
   What types of growth does your facility seek?
   (e.g. Organic growth? New services? New categories of residents? Radical? Incremental?)
   What strategies does your company employ to meet its objectives for growth in meeting
   resident needs, and how successful have they been?
   (e.g. Separate services? Frontline entrepreneurship? Entrepreneurial environment?
   Processes and People?)

2. Management of corporate social entrepreneurship and innovation
   What is the view of CEO & Board (defined as Provider) with respect to entrepreneurial strategies?
   (e.g. Initiation? Encouragement? Monitor?)
   What actions do the CEO & Board (Provider) employ to encourage entrepreneurial
   behaviour?
   (e.g. Establishment of internal development funds? Idea generation competitions? Training?
   Signalling? Involvement? Setting objectives? Setting priorities?)
   How have the CEO & Board (Provider) attitudes to corporate social entrepreneurship
   evolved?
   How have changes in facility leadership impacted facility social entrepreneurship?

3. How entrepreneurial/innovative is the facility culture of the organization?
   What is the attitude to risk?
   What is the attitude to failure? Forgiveness? Learning?
   Are staff pro-active in their actions?
   How effectively does the facility compare?
   Is there a commitment to innovation?
   How autonomous is management?
   What authority do managers have to commit?

4. What drives the facility culture?
   What is its origin?
   Who are its guardians?
   What is the role of the board (provider)?
   How does culture influence recruitment? Of senior executives? Of directors?
   How are new employees indoctrinated?
   What drives cultural change?
   What are the internal and external threats to facility culture?

Additional Questions

Conclusion & Thanks

*Austin, James E., Howard Stevenson, and Jane Wei-Skillern. “Social and Commercial Entrepreneurship: Same, Different, or Both?”
Entrepreneurship Theory and Practice 30, no. 1 (January 2006).*
Information Statement

Project Title: Governance and Stewardship in the Aged Care Industry:
Evaluating a Model of Corporate Social Entrepreneurship
The Relationship of Board Culture to Entrepreneurial Behaviour.

Principal Investigator(s):
Emeritus Professor L Murray Gillin AM, Adjunct Professor
Ms Lois Hazelton, PhD Candidate.

Introduction to Project and Invitation to Participate
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. In order to understand these concerns we are inviting you to both participate in and contribute your knowledge and experience to this research program.
What this project is about and why it is being undertaken

This proposed research project will evaluate how boards/approved providers support entrepreneurship/innovation in aged care service, a necessary social service in any society. Questions to consider are: 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? What are the internal and external threats to achieving opportunity recognition and innovation? This research is directed at understanding the limitations to the above common practice and seeks to identify new models for developing an integrated innovative performance between board, management staff and care staff.

Project interests

This research project is in fulfilment of a Doctor of Philosophy candidature and the results will be published in journals and conferences. The results will be shared with the Aged Care Special Interest Groups and Government policy advisors.

What participation will involve

Each participant will be asked to complete two audit survey style questionnaires to enable us to assess the:
Entrepreneurial/Innovation Intensity of the facility, and
Entrepreneurial/Innovation Climate survey instrument of the organisation
It is proposed that the Chairman of the Board, CEO, Nursing management staff representative (e.g. DON) and a carer staff member be asked to participate in a one hour structured interview with the researcher(s).

Participant rights and interests

The interview protocol is designed to enable the participants to comment freely on the subject topics on a confidential basis. As such there will be no risk to staff expressing their views and comments.
Importantly the consolidated outcomes expressed in the form of models will be shared with all participants. Opportunity will be given for participants to evaluate their own facility performance against the developed general models.

Participant rights and interests – Free Consent/Withdrawal from Participation

The participant has the right to refuse to participate in this research and if the participant has agreed to participate and then decides to withdraw, there will be no adverse effect for the participant. No explanation for the decision to withdraw will be expected or sort.

Participant rights and interests – Privacy & Confidentiality

All data collected will be stored in a locked cabinet and in a designated area within Adelaide University. All recorded interviews will be transcribed to word document and will only be identified using a code number system. This code will be used in all subsequent analysis. Audit surveys will be coded before the participating facility completes the survey forms. At the end of the research all documented evidence will be shredded and destroyed in accord with University of Adelaide research policy and procedure.

Research output

All anticipatable publication or reporting of research findings will ensure privacy arrangements for confidentiality/anonymity are met. Any report or article or summary of the findings of this research, where appropriate, will be made available to participants.
Further information about the project – who to contact
If you would like further information about the project, please do not hesitate to contact:
Emeritus Professor L Murray Gillin AM
Senior Investigator
ECIC – Level 1 Engineering South
North Terrace Adelaide 5005
Tel No: 0402 0407 61
murray@ausentrepreneurs.com

Concerns/complaints about the project – who to contact:
This project is in accord with the University Human Research Ethics Committee and in line with the National Statement on Ethical Conduct in Research Involving Humans 2007. If you have any concerns or complaints about the conduct of this project, you can contact:
The Secretary, Human Research Ethics Committee
University of Adelaide, SA 5005, Australia
Tel +61 8 8303 5137 or recu@adelaide.edu.au
Appendix A 4.9

Informed Consent

Project Title: Governance and Stewardship in the Aged Care Industry:
Evaluating a Model of Corporate Social Entrepreneurship

The Relationship of Board Culture to Entrepreneurial Behaviour.

Principal Investigator(s):

Emeritus Professor L Murray Gillin AM, Adjunct Professor
Ms Lois Hazelton, PhD Candidate.

1. I consent to participate in the project named above, the particulars of which have been explained to me. I have been provided a copy of the project information statement and this consent form and any questions I have asked have been answered to my satisfaction.
2. Please circle your response to the following:

- I agree to be interviewed by the researcher
  - Yes
  - No

- I agree to allow the interview to be recorded by electronic device
  - Yes
  - No

- I agree to make myself available for further information if required
  - Yes
  - No

- I agree to complete questionnaires asking me about:
  - Yes
  - No

  *Entrepreneurial/Innovation intensity and Entrepreneurial/Innovation climate in the facility*

3. I acknowledge that:

  (b) my participation is voluntary and that I am free to withdraw from the project at any time without explanation;

  (c) the project is for the purpose of research and not for profit;

  (d) any personal information about me which is gathered in the course of and as the result of my participating in this project will be (i) collected and retained for the purpose of this project and (ii) accessed and analysed by the researcher(s) for the purpose of conducting this project;

  (e) my anonymity is preserved and I will not be identified in publications or otherwise without my express written consent.

By signing this document you agree to participate in this project.

**Name of Participant:**

**Name of Witness (if applicable):**

........................................................................
........................................................................

**Signature & Date:**

........................................................................
........................................................................

**Signature & Date:**
Appendix 5

Figure A 5.1 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Pilot Study

Figure A 5.2 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Data Centre 2
Figure A 5.3 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Data Centre 3

Figure A 5.4 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Data Centre 4
Figure A 5.5 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Data Centre 5

Figure A 5.6 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour - Data Centre 6
Figure A 5.7 Chair/CEO profile Data Centre 2

Figure A 5.8 Chair/CEO profile Data Centre 3
Figure A 5.9 Chair/CEO profile Data Centre 4

Figure A 5.10 Chair/CEO profile Data Centre 5
Figure A 5.11 Chair/CEO profile Data Centre 6