

Conference Name: Australian Centre for Entrepreneurship Research Exchange Conference
2013

Conference Location: Queensland University of Technology, Gardens Point

Conference Date: 6 – 8 February, 2013

ISBN: 978-1-921897-55-9

Editor: Per Davidsson

Paper Title: Governance as an Additional Dimension of Entrepreneurial Orientation:

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Governance as an Additional Dimension of Entrepreneurial Orientation:

A Social Entrepreneurship Perspective

Abstract:

It seems that the role and presence of entrepreneurial antecedents and outcomes within a social context may differ from commercial entrepreneurship. Within an aged care organisational context, it would seem that EO provides an effective tool for capturing evidence of entrepreneurial decision processes across a wide variety of organizational contexts with specific consideration of board governance that includes both process and culture attributions. This research therefore examines EO in an aged care context while considering the strategic governance and stewardship exercised by the (not-for-profit - NFP) boards of aged care organisations. It seeks to assess the NFP board's governance and culture underlying behavioural orientations, and which contribute to an overall EO theory that best describes effective entrepreneurship and innovation within the social venture.

Introduction:

The growth and importance of social enterprises globally is staggering. Social enterprises generate billions of dollars in revenue and employ millions of people. Social enterprises are those whose missions centre on generating value associated with some social purpose.

A growing imperative for social enterprises is that they can no longer rely on government “handouts” because of the competing demands placed on government funds. To be sustainable, therefore, social enterprises must interpret and apply the strategies and behaviour of successful entrepreneurial ventures operating in the for-profit business sector. However, business entrepreneurship is not the same as social entrepreneurship. Social entrepreneurship involves pursuing opportunities for enhancing social good where unique resource combinations are used to produce significant social innovations.

In this exploratory research, we focus on one form of social enterprise, residential aged care organisations (RACO). The Australian 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 1.8million 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 2.5million 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 Commission 2011).

As social enterprises, RACOs are under immense pressures to not only perform but to demonstrate sustainability and continuity for their residents. Yet, government health and aged care budgets are shrinking. This provides an impetus for aged care organisations to be more entrepreneurial. While the drivers of sustainability can take many forms, good corporate governance is essential. It is against this backdrop of the aged care industry, its leadership, its staff, and resident needs and values that this paper seeks to determine the entrepreneurial

behaviours and innovation strategies that enable the Board of an Aged Care Facility to govern for sustainable resident valued services.

Significantly, entrepreneurial orientation (EO) has been a successful construct in measuring just how entrepreneurial organisations are. The roots of EO lie in the for-profit sector but, a new direction in EO research is now emerging that focuses on EO within a social entrepreneurship context where EO is applied to the social entrepreneurial process that leads to social outcomes through social value creation. Importantly, it seems that the role and presence of entrepreneurial antecedents and outcomes within a social context may differ from commercial entrepreneurship. Within an aged care organisational context, it would seem that EO provides an effective tool for capturing evidence of entrepreneurial decision processes across a wide variety of organizational contexts with specific consideration of board governance that includes both process and culture attributions. In particular, this research therefore examines EO in an aged care context while considering the strategic governance and stewardship exercised by the (not-for-profit - NFP) boards of aged care organisations. It seeks to assess the NFP board's governance and culture underlying behavioural orientations, and which contribute to an overall EO theory that best describes effective entrepreneurship and innovation within the social venture.

Social Motivations and Entrepreneurial Orientation:

In considering the antecedents for social entrepreneurship, Austin, J., Stevenson, H., & Wei-Skillern, J. (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, G. T, Moss, T. W, Gras, D. M, Kato, S and Amezcua, A. S, (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, M. H, Webb, J. W and Franklin, R. J. (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. Extending this context of the social entrepreneurship action, consideration is given to the applicability of entrepreneurial orientation (EO) to the social entrepreneurial process leading to social outcomes through social value creation (Lumpkin et al. 2012). Using an inputs-throughputs-outputs framework, Figure 1, 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).

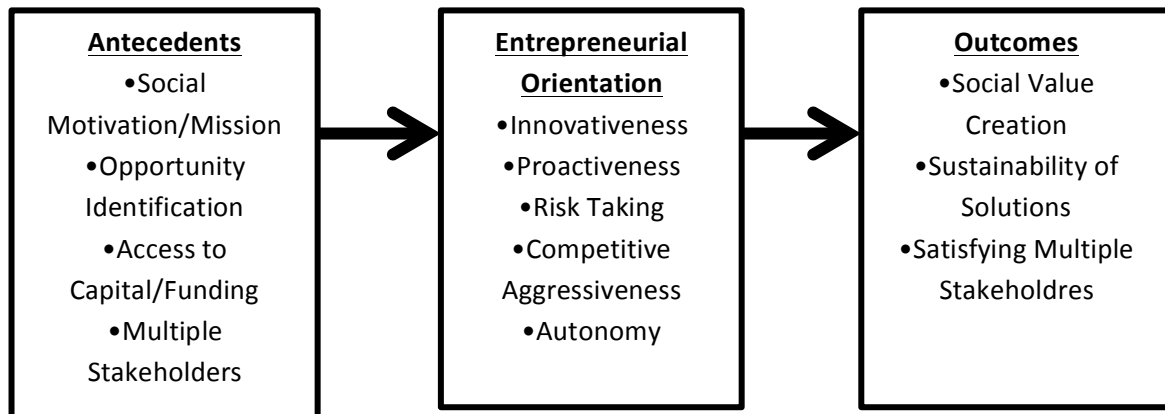


Figure 1 Social Entrepreneurship Process Framework. (Lumpkin, Moss. Gras, Kato & Amezcua, 2012)

Entrepreneurial Orientation

Using the EO framework, consisting of the standard 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, p35) report the “majority of processes and practices used by social enterprises are similar to those used by commercial enterprises”. 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 showed competitive aggressiveness (CA) conflicted because of balancing the need to be assertive with heightened need for cooperation: e.g. competitive action in social sectors often necessary to address social needs; assertive behaviours 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 behaviour 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). In respect of value creation process it was observed the process is not different to commercial enterprise but measuring the impact of social value created, however, is a challenge.

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

Not for Profit Boards and Governance

The board of directors refers to the governing body of an organization.

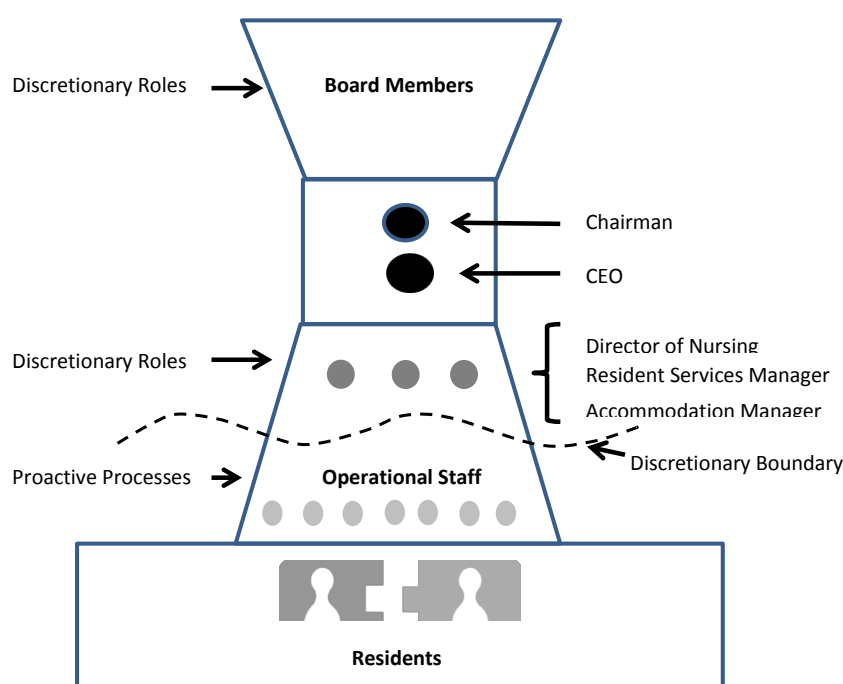


Figure 2 RACO governance and management team (adapted from Kakabadse & Kakabadse, 2008).

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. 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 3 (after Kakabadse & Kakabadse, 2008) in which the discretionary boundary for decision making is above operational staff.

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 obtaining services for their residents, clients or members. 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.” 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 particularly since 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 paper 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.

Behaviour orientation of NFP Boards

Social entrepreneurship as a process incorporates the same behavioural tendencies as entrepreneurship in the for-profit context. As such, an entrepreneurial orientation in NFPs involves innovativeness, proactiveness, risk taking, autonomy and to a lesser degree competitive aggressiveness. Entrepreneurial orientation is linked to performance (Covin and Slevin, 1989, 1991). The primary motivation of NFPs 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. Franklin, Morris and Webb, (2011, p965) identifies such social EO as “incorporating (1) social, mission-centric innovation, commercial innovation,(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”.

However, relatively little is understood about factors triggering entrepreneurial and innovation behaviour within RACOs. 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.

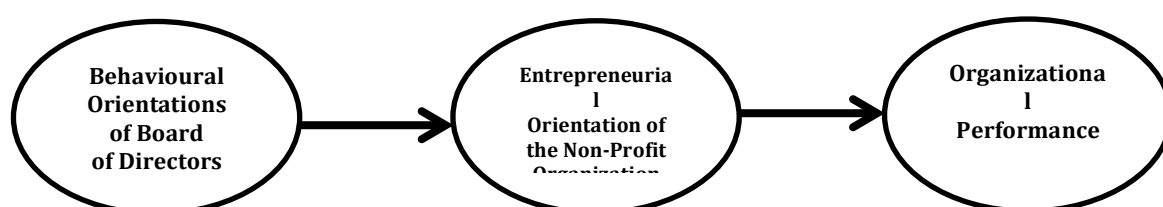


Figure 3. Conceptual model of board–EO–performance linkages (Coombs, S. M. T, Morris, M. H, Allen, J. A and Webb, J. W, (2011), 2011, p835)

A conceptual model by 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 opportunism 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).

Methodology:

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 (Rittel and Webber 1973) 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 social entrepreneurs see this as an ocean of possibilities and opportunities. To measure performance of the board in these circumstances is a challenge.

The board of an aged care organisation comprises a number of individuals jointly charged by a government regulator with being the designated "provider" of aged care services (with consequential multiple liabilities and responsibilities). The board is charged with overseeing the organisation, to develop and implement strategies that will ensure the organisation's viability, and to guarantee resident welfare. Thus, the board plays an important role in encouraging and facilitating entrepreneurial behaviour in an organisation and examining entrepreneurial behaviour at this level provides a holistic perspective. For this reason, our level of interest is at the board level. Because the research is exploratory, we adopt a case methodology approach to investigate how aged care organisation boards influence social entrepreneurship in aged care organisations and adapt a validated Entrepreneurial health Audit used with for-profit organisations.

For the for-profit organisation, Ireland, R.D, Kuratko, D. F & Morris, M.H (2006) developed an Entrepreneurial Health Audit and demonstrated organisations with an entrepreneurial mindset were willing to apply the learning from such an instrument and enhance overall innovation performance. The Social Entrepreneurial Health Audit (SEHA) (developed with a pilot RACO) involves assessing the RACO internal work environment and culture to measure and understand the conditions (factors) accounting for the degree of entrepreneurial intensity. The SEHA involves three-stages: - firstly, the RACO's level of social entrepreneurial intensity (SEI) is determined; secondly, the RACO's internal work environment is examined to understand the social entrepreneurship conditions (SEC) accounting for the degree of entrepreneurial intensity the organisation has at a point in time and; thirdly, the audit reveals the type of work (or learning) 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 validation confirmed the power of the SEC Instrument to discriminate between various perspectives on innovation from differing management positions in the organisation, such as Board Chair, CEO or Director of Nursing (DON). In addition the SEHA 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.

Using a purposeful approach (Neergaard, 2007, p256) six innovative exemplar RACOs were selected. Each identified organisation had a recognised history of innovation practice, high levels of performance delivery, and was a winner of “awards for excellence”.

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 1 provides a listing of the demographics for each RACO in the sample.

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

Table 1 Demographics of Residential Service Facilities in the Research Sample

Each selected RACO was identified as exhibiting characteristics appropriate to the research question. Such characteristics were:

A professional board as the approved provider with a high level of independence from operations;

A track record of successful accreditation with the government regulator;

An understanding of organisational social entrepreneurship and innovation;

Well-structured relations between Board/CEO/staff innovation initiatives at all levels;

A commitment to assess resident satisfaction.

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.

Results and Discussion

By collecting triangulated data associated with the conditions, characteristics, and motivations for each aged care organisation, we were able to identify a board's mission/governance in achieving social purpose driven outcomes as to “enhance organisational reputation”, “drive the vision of service”, “enhance overall service performance”, and “encourage challenge”. We also found that they embraced values such as trust, philanthropy, volunteerism, and their independence to act as advocates and providers of services for their residents.

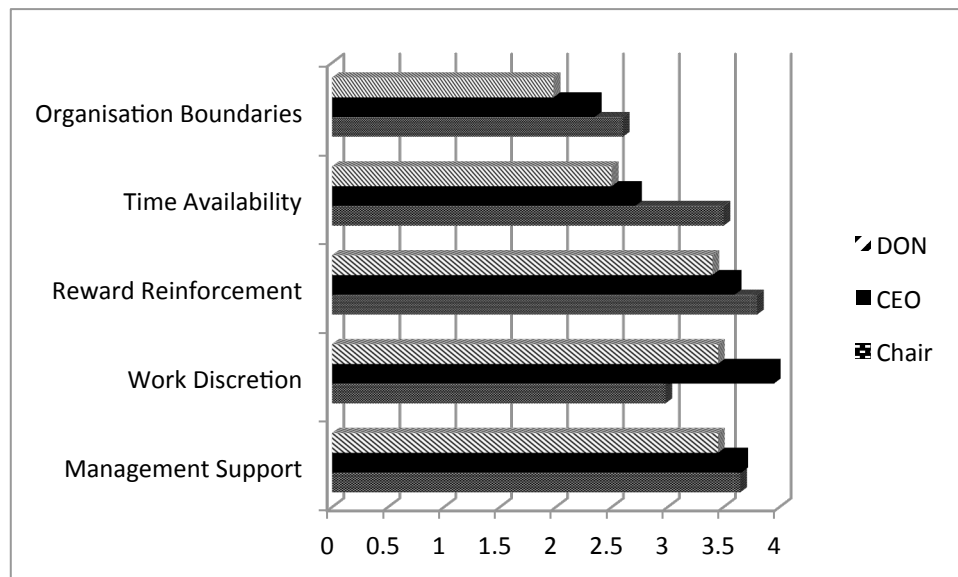


Figure 4 Internal Culture Conditions for Entrepreneurship/Innovation Behaviour – Mean Values

- **Opportunity Conditions**

In terms of organisation conditions, figure 4 shows the SEC profile for the six aged care organisations (means) in terms of the five antecedent ‘conditions’ measures from the validated SEHA and as a function of the innovation perceptions of each leader/manager with a maximum scale of five. In summary, evaluation of answers associated with each condition indicates that for:

management support, both Chair and CEO exhibit a strong willingness to facilitate and promote entrepreneurial behaviour; including the championing of innovative ideas and providing the resources people require. Importantly DON indicates real support for delivering such behaviour at the operational level;

work discretion/autonomy only the CEO shows a commitment to tolerate failure but both the CEO and DON provide decision-making latitude and freedom from excessive oversight to delegate authority and responsibility to middle- and lower-level managers;

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;

time availability 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 and may reflect the separation of Board and operational management;

organizational boundaries the results indicate 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.

Taken together, the five antecedents identify the prevailing conditions for which an organisation's culture supports entrepreneurship and innovation.

- **Opportunity Characteristics**

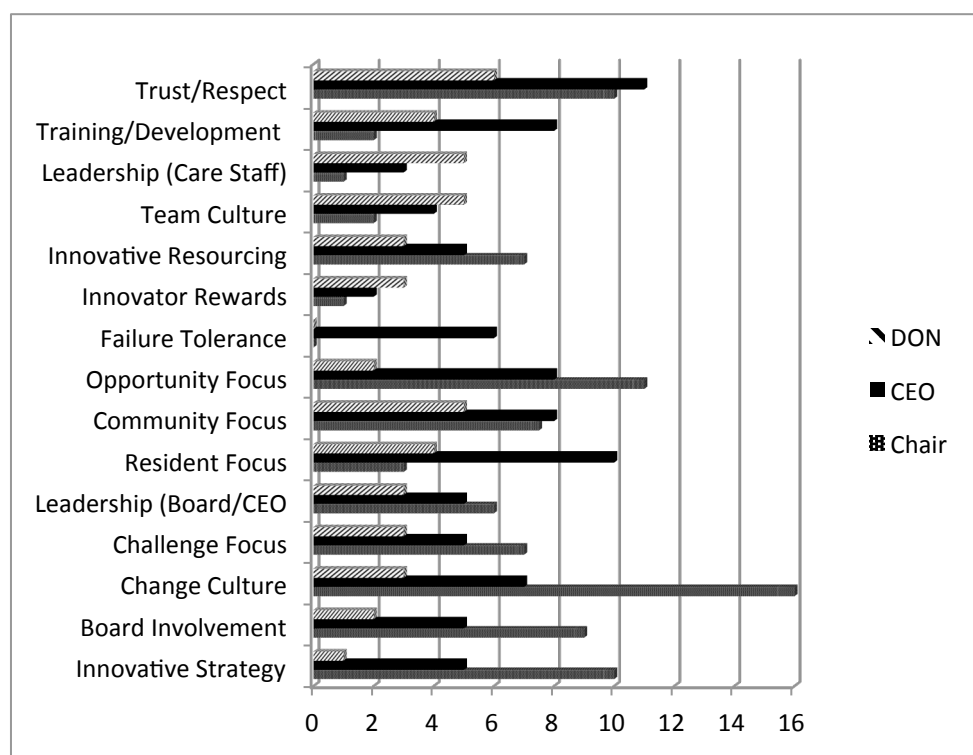


Figure 5 Individual Leadership Characteristics – Mean Values

Using NVivo to analyse the semi-structured interviews with each leader of the RACOs in this study, a profile of individual leadership characteristics is shown in figure 5. The results indicate 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. It is appropriate to consider the application of stewardship 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*. This concept of stewardship by RACO leadership supports the theoretical development of stewardship in management as developed by Davis, Schoorman, & Donaldson, (1997) and described by Chair (data centre 4):

“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”.

- **Social Motivation/Mission - EO**

Triangulating the measures of internal (culture) conditions and the comprehensive comments (characteristics) obtained during interviews with the leadership of each RACO, demonstrates the relevance of these measures to assessing the social entrepreneurship relationships of ‘social motivation/mission’ to pursue a social purpose (Zahra, et al 2009) and ‘opportunity identification’ processes oriented towards social problems (Murphy and Coombes, 2009), with the dimensions of EO (Lumpkin et al (2012)).

Taken together these measures indicate the RACO’s propensity for EO, motivation and opportunity identification processes in developing: innovativeness, orientation to risk-taking, proactiveness, autonomy and a new dimension of governance. This approach assesses the organisation’s capacity to deliver sustainable entrepreneurial innovation in meeting the needs of valued aged care. Indeed such 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.

In terms of each RACO’s EO, the dimensions of ‘**innovativeness**’ (the seeking of creative, unusual or novel solutions to problems and needs) and ‘**proactiveness**’ (an organisation’s efforts to anticipate, recognize and seize opportunities) are found to be primary drivers of sustainable innovation, confirming the findings of Lumpkin et al. (2012). In terms of the dimension of ‘**risk taking**’ (involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments) the emphasis is less on bold actions and attracting resources but rather on maintaining a balanced approach. The CEO (data centre 3) describes it thus; “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).

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 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 within a RACO may free the organisation from industry/ institutional norms and foster independent action. To illustrate this relationship, and the delivery of sustainable social innovation within RACOs the Chair (data centre 2) comments “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”.

Drawing together these comments and findings of conditions, characteristics and motivations associated with autonomy in the RACOs sampled in this study, Table 2 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.

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

Table 2 Autonomy (Capability to act independently to explore opportunities)

In relation to ‘**competitive aggressiveness**’, all RACO interviewees supported a “*live and let live*” philosophy in dealing with competitors. 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*’.

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. 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 strategic role of **Governance** with Social Motivation/Mission, Morris, et al (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 paper, 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 and with the 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 is 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 or 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”.

These statements are corroborated in a questionnaire to the Chair of each Board and show a strong willingness to facilitate and promote entrepreneurial behaviour; including the championing of innovative ideas, developing one’s own ideas, providing the resources people require and pursuit of challenging work. The Chairs rate ‘*change culture*’, ‘*opportunity focus*’, ‘*trust/respect*’, and ‘*innovative strategy*’ in the top four characteristics for leading a successful RACO. Table 3 summarises these conditions and characteristics with motivations identified from the surveys and interviews.

Opportunity Conditions	Opportunity Characteristics	Social Motivation / Mission
Management Support	Enables understanding of organisational strategy	Enhance organisation reputation
Work Discretion	Seeks and exploits opportunities	To drive the vision of service
Reward Reinforcement		Enhance overall service performance
Time Availability		
Organisation Boundaries	Emphasises stakeholder values and relations	Encourage challenge

Table 3 Governance (Responsible for the governance and management of the affairs of the organization.)

Summary

In the aged care sector innovativeness, proactiveness, and risk taking are strongly recognised EO dimensions whereas competitive aggressiveness has only a minimal impact. Importantly, autonomy has a greater value in aged care than reported in for-profit organisations. It appears that aged care boards strongly encourage independent contributions to providing care services. In every case, it was observed that trust and cooperation are at the heart of aged care

social entrepreneurship. Thus, including governance within the EO construct provides an improved understanding of the role of an aged care board's social motivation/mission which is to serve a social purpose coupled with the need to remain financially viable and sustainable.

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