

HOW TO MAKE HEALTH ORGANISATIONS MORE AGILE DURING THE PANDEMIC? CHALLENGES OF MANAGING ENTREPRENEURIAL BEHAVIOUR

JELENA ERIC NIELSEN, JELENA NIKOLIĆ,
MARKO SLAVKOVIĆ, DEJANA ZLATANOVIĆ

University of Kragujevac , Faculty of Economics, Kragujevac, Serbia.
jelena_eric@kg.ac.rs, jnikolic@kg.ac.rs, mslavkovic@kg.ac.rs, dejanaz@kg.ac.rs

Abstract The COVID-19 pandemic has put health systems around the world under the ultimate pressure, unseen in the modern age. The main purpose of this research is to investigate how to make health organisations more adaptable in the pandemic circumstances, more precisely how the internal organisational climate affects entrepreneurial initiative on a daily basis. Entrepreneurial initiative thrives in an organisation with an organisational culture based on values promoted by entrepreneurial management, highlighting the possibility of individual initiative, through appropriate compensation mechanisms, given the organisational context and time constraints. During the pandemic year 2020, we conducted a pilot study as part of more comprehensive research, in which data were collected from primary care health centers in Serbia. The Corporate Entrepreneurship Climate Instrument (CECI) was used in order to estimate and evaluate the internal environment and overall propensity toward entrepreneurship. The instrument encompasses five relevant determinants that influence employees' entrepreneurial activities: management support, work discretion, time availability, rewards/reinforcement, and organisational boundaries. The value of the research is reflected in the creation of empirically and theoretically substantiated evidence about the relevance of these factors for creating a favourable internal organization climate, thus allowing a more flexible and creative health service.

Keywords:
entrepreneurial
behaviour,
innovation,
management
support,
organisation
climate,
health
organisations

1 Introduction

As a powerful reminder that we live in a highly complex and unpredictable world, the COVID-19 pandemic imposed many challenges on organisations, particularly health organisations. For these organisations, effective responses to the pandemic have required departures from many conventional practices. At the same time, it can be observed as an opportunity for healthcare managers to transform their organisations for a future of unpredictable surprise as well as an opportunity for various innovative solutions (Lyng et al., 2021). It further implies the need for the appropriate organisational support for innovation and entrepreneurial initiative. Therefore, the main purpose of this research is to investigate how the internal organisational climate affected entrepreneurial initiative in health organisations during the pandemic.

The authors of this paper found inspiration for their research in the principles of agile business. The primary orientation towards customer needs delivered through constant improvement of customer experience, highly adaptive and responsive strategies, iterative but continuous progress and momentum are crucial for the quality of health service. Agile business supports relentless and sustainable innovation and progress, and teams are empowered to deliver results through trust and cooperation. Bureaucracy is minimal and direct interpersonal communication is encouraged, while the best results emerge from teamwork and a high degree of autonomy (Perkin, 2020, p. 48). Entrepreneurial initiative thrives in an organisation with an organisational culture based on values promoted by entrepreneurial management, highlighting the possibility of individual initiative, through appropriate compensation mechanisms, given the organisational context and time constraints. Encouraging entrepreneurial behaviour implies the following elements of organisational climate: management support, work discretion, rewards/compensation, time availability, and organisational boundaries. In order to truly reshape the health system, there is a need to abandon the perception of linear change and take a more sophisticated approach, reevaluating embedded assumptions about structures, processes and management. It is necessary to understand how to scale agile principles to support lasting organisational change and innovation and go deeper into the fundamental aspects of organisation. There is a need to rethink and reinvent organisation, how it operates and how it is managed.

According to the research purpose, the authors of this paper formulated the following research question.

RQ: What is the nature of mutual relations between selected aspects of the entrepreneurial organisational climate?

This paper is structured as follows. After the introduction, the first section elaborates the main aspects of employees' entrepreneurial behaviour. The second section is devoted to research methodology, i.e. the sample, measures and research results are presented and discussed. Finally, relevant implications and conclusions are derived and recommendations are provided for further research studies.

2 Key determinants of employees' entrepreneurial behaviour

Agile methodologies initially arose in software development, but very quickly they proved usable and revolutionised the way business in general is perceived, especially in terms of the culture and leadership context. The principles of agile methodologies are fully compatible with building an entrepreneurial organisation, thus prioritising a more balanced understanding of customer needs. Priority is also put on the adaptation to and responsiveness of daily operations, the abilities of teams to create value, the recognition of time in tracking velocity and progress, and the appreciation of team autonomy and the role of management in removing barriers to entrepreneurial endeavours. All employees have a responsibility for organisational entrepreneurial behaviour, but in most cases entrepreneurial management plays a key role, encouraging new value creation through innovation (Erić Nielsen, Babić, Stojanović-Aleksić, & Nikolić, 2019).

Management support (MS) is crucial in encouraging employee innovativeness (Ritz, Neumann, & Vandanabeele, 2016; Erić Nielsen, Stojanović-Aleksić, & Zlatanović, 2019). The interdependence between managerial support and entrepreneurial activities is stronger at higher organisational levels (Hornsby et al., 2009). When top management clearly promotes an entrepreneurial strategic vision, employees have more courage, orientation and moral justification to behave entrepreneurially (Ireland, Covin, & Kuratko, 2009). There must be a consensus about dominant logic, implying consent about expectations, signalling which opportunities are important, which behaviours are appropriate and which results are valued (Dess et al., 2003). Top, middle and operational management have different responsibilities and roles

initiating and implementing entrepreneurial activities (Floyd & Lane, 2000). At the strategic level, managers are putting effort into identifying effective ways to create new or redefine existing business. The middle management proposes and develops entrepreneurial ideas aiming to improve an organisation's competitive position. Operational management is focused on how an organisation's core competence can be used in the process of exploiting opportunities.

Work discretion (WD) is related to the freedom, flexibility and opportunity to initiate entrepreneurial activities (Lumpkin, Cogliser, & Schneider, 2009). It is the paramount for taking advantage of the unutilised potentials of organisation, identifying opportunities outside the core competence and new venture development. Entrepreneurial initiatives are often driven by the autonomy of employees who are positioned at lower levels of hierarchy. They enable creative ideas and are very fruitful in problem solving beyond the cognitive and organisational patterns (Erić Nielsen, Stojanović-Aleksić, & Zlatanović, 2019).

Rewards/compensation (RC) – Management support is essential and implies connecting the compensation system to the new venture performance, sending an adequate message to all employees and acting as incentive (Hisrich, Peters, & Dean, 2008, pp.75-76). Employees have different needs and preferences, hence it is important to understand the influence of both material and intangible factors on their satisfaction and motivation. Intangible factors correspond to Herzberg's motivational factors and the characteristic of internal (intrinsic) motivation (Yussof, Kian, & Idris, 2013). In public sector, it is evident that *intrinsic rewards* are one of the *main* factors that influence the *motivation* of an *employee* (Houston, 2000). These motivational factors are often dependent upon job characteristics and the quality of the work environment, which create inherent satisfaction if the employee has affection for the job and a high level of motivation (Deci & Ryan, 2008). Accordingly, the following factors of intangible motivation are the most common: a) challenging and innovative task, encouraging creativity, independent problem solving (in response to the need for self-realisation); b) authority delegation, control of resources, promotion (in response to the need for power); c) cooperation, teamwork, sharing resources and information, good interpersonal relationships (in response to social needs); d) prestige, reputation, promotion (in response to the need to achieve status) (Slavković, Pavlović, & Simić, 2016). The basic and most important single factor of material motivation is salary, however, others are also

significant, e.g. working conditions, job security, bonuses and incentives, and other factors that have instrumental component (Irshad, 2016). Other relevant factors of employee satisfaction are work-life balance and flexible working hours (Habib et al., 2017).

Time availability (TA) – Some authors argue that innovation is unlikely to happen if there is not enough time for experimentation (Hornsby, Kuratko, & Zahra, 2002; Kuratko, Morris, & Covin, 2011). Additionally, the teamwork process slows down the processes of decision making, because teams need more time to process information and act. It further implies that *‘their job structure should be carefully designed in order to provide them with the time required so they can be involved into entrepreneurial activities in addition to fulfilling their day to day routines in order to achieve short and long term organisational goals.’* (Baskaran et al., 2018).

Organisational boundaries (OB) – These boundaries might be interpreted differently. They are normally analysed in the context of bureaucracy, when the decision-making process is time consuming and approvals are only provided on the basis of top-down management, which is considered a significant entrepreneurial barrier (Kuratko, Morris, & Covin, 2011). Boundaries arise between different units and departments, but also can be found inside the team if some team members or the leader try to impose and influence other members’ behaviour.

3 Research methodology

For the purposes of this study, the authors conducted pilot research as a prologue for more comprehensive empirical research in the public sector by analysing a sample of healthcare organisations/centres operating in central region of the Republic of Serbia. The research was designed to analyse the relationships between defined variables, as well as the correlation between them and categorical variables, such as gender, age, work experience and educational level. The research encompassed five variables that were used to measure the agility and entrepreneurial climate of health organisations: management support (MS), work discretion (WD), rewards/compensation (RC), time availability (TA), and organisational boundaries (OB).

All participants were informed in advance about the academic nature of the research and received guarantees about the anonymity of data and confidentiality of results. The data was gathered between June and September 2021 under a special operating regime due to the pandemic circumstances. The questionnaire encompasses a demographic section and 26 statements to be filled out by both medical and non-medical staff. A total of 120 questionnaires were distributed, and 80 valid questionnaires were obtained, thus additionally corroborating the discretionary participation in the study. A 5-point Likert scale was used, ranging from 1 (strongly disagree) to 5 (strongly agree) and it was specified which statements correspond to each of the analysed variables.

The Corporate Entrepreneurial Climate Instrument (CECI) was used to measure organisations' entrepreneurial environment. The instrument was originally developed by Kuratko et al. (2011) and improved by other authors (Hornsby et al., 2002; Hornsby et al., 2009). In this study, the authors selected questions from five organisational factors that should be recognised in promoting entrepreneurship inside an organisation (see Hornsby et al., 2002), therefore the final questionnaire consists of 26 items. **Management support** (MS) was measured using nine items, some of the examples are as follows: *The organisation easily and quickly applies new solutions initiated by employees; In the organisation, management encourage ideas to improve business; There are several ways in an organisation for employees to receive support for the realisation of an idea; Management supports experimental ideas/projects; Managers encourage employees to discuss their ideas with colleagues from other organisations, etc.*

Work discretion (WD) was measured using six items, including: *I can freely decide at work, without the obligation to consult with anyone; I am allowed to try new ideas in my workplace; I am responsible for the way I do my job.*

Rewards/compensation (RC) was analysed based on four items: *My manager helps me get the job done and resolve potential disputes; Rewards depend on my innovative proposals and ideas; My manager expands my authority if I have done a good job; My manager will praise or reward me if my performance at work is above average.*

The four items used to measure **time availability** (TA) are: *In recent months, I have been so overloaded with work that I haven't had time to think about new ideas; I always have enough time to complete all activities; My job leaves me with no time to think about more broad organisational issues; I always find time to solve urgent problems, together with my colleagues.*

Finally, **organisational boundaries** (OB) were analysed using three items: *In recent months, I have strictly followed established business processes and procedures; I have no doubt about what I am supposed to do at work; There are clear standards for evaluation of my work performance.*

Data were analysed using the SPSS statistical package. The reliability analysis showed high values of Cronbach's alpha coefficient for all the observed variables: management support (MS) with a value of 0.855, work discretion (WD) 0.838, rewards/compensation (RC) 0.742, time availability (TA) 0.877, and organisational boundaries (OB) with a value of 0.810. Based on these results, it can be concluded that the measurement scale is reliable and further analysis can proceed.

Sample characteristics were identified based on the demographic data collected from the second section in the questionnaire. The gender distribution is in favour of women who account for a total of 69%, while the remaining 31% were men. In terms of age structure, 40% of the respondents are under the age of 40 years, 31% of respondents are between the age of 41 and 50 years, and 29% of the respondents are over the age of 51. The majority of respondents (41%) have more than 20 years of work experience while approximately one third have less than 10 years of work experience. The dominant group in the sample – around 50% – are employees with a high school degree, while 27% of respondents completed vocational education and 23% higher education.

4 Research results

The results of the non-parametric correlation analysis are shown in Table 1. Based on Spearman's rho coefficient, a strong positive correlation is identified between management support (MS) and the other observed variables: work discretion (WD), rewards/compensation (RC), time availability (TA) and organisational boundaries (OB). A strong positive correlation was identified in the mutual relationships between the variables of work discretion (WA), rewards/compensation (RC), time

availability (TA), and organisational boundaries (OB), with a correlation coefficient above 0.5. This represents the response to the research question.

Table 1: Correlation analysis

	MS	WD	RC	TA	OB	Gen der	Age	Work experience	Educational level
MS	1								
WD	0.529**	1							
RC	0.544**	0.674**	1						
TA	0.527**	0.767**	0.660**	1					
OB	0.594**	0.840**	0.843**	0.762**	1				
Gender	0.131	0.063	0.077	0.083	0.025	1			
Age	-0.064	-0.122	-0.077	-0.035	-0.069	0.922	1		
Work experience	-0.139	-0.205	-0.142	-0.133	-0.163	0.036	0.895**	1	
Educational level	-0.106	0.079	-0.081	-0.063	-0.059	0.027	0.037	0.010	1

A strong positive correlation was identified between two categorical variables: work experience and age. The results of the correlation analysis indicate that there is no statistically significant correlation between the observed variables and categorical variables, as well as significant sample homogeneity. Even though no statistically significant relations were identified, it is interesting to note that in the majority of the analysed pairs between the observed variables and categorically variables, the correlation coefficient is negative, indicating the inverse relationships.

5 Conclusions

The paper points to the importance of the agility and the need for adequate organisational support for new ideas and entrepreneurial behaviour in general, particularly for health organisations during the pandemic. The results of this pilot study demonstrate strong mutual relations between the key elements of entrepreneurial behaviour, such as management support, work discretion, rewards/compensation, time availability and organisational boundaries. Thus, this paper contributes to the body of knowledge relating to the challenges of managing entrepreneurial organisations during the pandemic with an emphasis on health organisations. The practical implications relate to the top managers who are primarily focused on monitoring the current operations and maximising performance. In an entrepreneurial organisation, they take responsibility for the emerging initiatives and help them to move forward. One of the biggest challenges for strategic management is how to balance beneficiaries' requirements and

successful ongoing operations with innovations that unproven yet potentially crucial for viability. While managing current operations, a new track for the future should be set.

In addition, the authors of this paper are of the belief that managers should pay equal attention to all aspects of entrepreneurial behaviour, however, it is more important to take into account their mutual relations. It is recommended that managers and practitioners establish incentives and a compensation system in order to communicate their entrepreneurial vision and strategy, highlight flexibility in strategy implementation and become a role model in promoting employees' innovative behaviour. If managers perceive themselves as innovative, willing to take risk and experiment, the rest of the organisation will follow.

However, this pilot study has the following limitations. The sample size is not adequate to derive more general conclusions indicating the need to expand the sample within future research. Additionally, only mutual relations of the key aspects of entrepreneurial behaviour were explored without their influence on organisational performance. This, therefore, would be an important avenue for future research.

References

- Baskaran, S., Basiruddin, R., Rasid, S.Z.A., Khalid, H., & Hong, T.S. (2018). Resource and Time Availability: An Imperious Stimulus for Entrepreneurial Orientation? *International Journal of Academic Research in Business and Social Sciences*, 8(2), 237–253.
- Deci, E.L. & Ryan, R.M. (2008). Facilitating optimal motivation and psychological well-being across life's domains. *Canadian Psychology*, 49(1), 14–23.
- Dess, G.G., Ireland, R.D., Zahra, S. A., Floyd, S.W., Janney, J.J., & Lane, P.J. (2003). Emerging issues in corporate entrepreneurship. *Journal of Management*, 29(3), 351–378.
- Erić Nielsen, J., Babić, V., Stojanović-Aleksić, V. & Nikolić, J. (2019). Driving Forces of Employees' Entrepreneurial Intentions - Leadership Style and Organizational Structure. *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, 24(3), 59-71.
- Erić Nielsen, J., Stojanović-Aleksić, V., & Zlatanović, D. (2019). The Challenges of Managing the Entrepreneurial Organization, *Ekonomika*, 65(2), 87-98.
- Floyd, S.W. & Lane, P.J. (2000). Strategizing throughout the organization: managing role conflict in strategic renewal. *Academy of Management Review*, 25, 154-177.
- Habib, M.N., Khalil, U., Manzoor, H., & Jamal, W. (2017). Non-monetary rewards and employee engagement: a study of health sector. *Sarbad Journal of Management Sciences*, 3(2), 208-222.
- Hisrich, D.R., Peters, M.P., & Dean, A.S. (2008) Entrepreneurship. 7th Edition, McGraw-Hill International Edition, Boston.
- Hornsby, J.S., Kuratko, D.F., & Zahra, S.A. (2002). Middle Managers' Perception of the Internal Environment for Corporate Entrepreneurship: Assessing a Measurement Scale. *Journal of Business Venturing*, 17, 253-273.

- Hornsby, J.S., Kuratko, D.F., Shepherd, D.A., & Bott, J.P. (2009). Managers' corporate entrepreneurial actions: Assessing a measurement scale. *Journal of Business Venturing*, 24(3), 236-247.
- Houston, D. (2000). Public-service motivation: a multivariate test. *Journal of Public Administration and Research and Theory*, 10(4), 713-727.
- Ireland, R.D., Covin, J.G., & Kuratko, D.F. (2009). Conceptualizing corporate entrepreneurship strategy. *Entrepreneurship Theory & Practice*, 33(1), 19-46.
- Irshad, A. (2016). Impact of extrinsic rewards on employees' performance. *Journal of Global Economics*, 4(3), DOI: 10.4172/2375-4389.1000203
- Kuratko, D.F., Morris, M.H., & Covin, J.G. (2011). *Corporate Innovation & Entrepreneurship*. International 3rd edition. South Western Cengage Learning.
- Lumpkin, G.T., Cogliser, C., & Schneider, D.R. (2009). Understanding and measuring autonomy: An entrepreneurial orientation perspective. *Entrepreneurship Theory and Practice*, 33(1), 47-69.
- Lyng, H.B., Ree, E., Wibe, T., & Wiig, S. (2021). Healthcare leaders' use of innovative solutions to ensure resilience in healthcare during the Covid-19 pandemic: a qualitative study in Norwegian nursing homes and home care services. *BMC health services research*, 21(1), 1-11.
- Perkin, N. (2020). *Agile Transformation: Structures, processes and mindsets for the digital age*, Kogan Page, London, UK.
- Ritz, A., Neumann, O., & Vandanabeele, W. (2016). *Motivation in public sector*. In Klassen, R.T., Cepiku, T., & Lah T. (Eds.). *The Routledge Handbook of Global Public Policy and Administration* (1-17). London: Routledge
- Slavković, M., Pavlović, G., & Simić, M. (2016). The preliminary research on intrinsic motivation: comparison between private and public sector employees. In Stojanović Aleksić, V. (Ed.) *Contemporary Issues in Economics, Business and Management - EBM 2014* (79-87). Kragujevac: Faculty of Economics, University of Kragujevac.
- Yusuf, W.F.N., Kian, T.S., & Idris, M.T.M. (2013). Herzberg's two factors theory on work motivation: does its work for today's environment. *Global Journal of Commerce & Management Perspective*, 2(5), 18-22.