



# Caring for healthcare entrepreneurs – Towards successful entrepreneurial strategies for sustainable innovations in Dutch healthcare

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## ABSTRACT

The sustainability of current healthcare systems is threatened by several societal developments, including an aging population, an increase of unmet medical needs and rising healthcare costs. A transition is needed in order to meet these threats and to achieve a proper balance between the demand for care and the capacity to supply it. Entrepreneurs play a crucial role in developing the required sustainable innovations for this structural change. They are able to develop innovations in close interaction within the healthcare context. This paper studies entrepreneurial strategies for the successful development of sustainable innovations in Dutch healthcare. Data comes from semi-structured interviews with healthcare entrepreneurs. Results show that entrepreneurs experience the interaction with the healthcare system context in various ways and act accordingly. Four types of sustainable healthcare entrepreneurs could be identified: isolated, innovative, evolutionary and revolutionary. These entrepreneurial types differ in terms of their beliefs as to whether and how individual entrepreneurs can contribute to achieving structural change in healthcare.

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## 1. Introduction into understanding sustainable healthcare entrepreneurs

Although the intensive growth of national economies has led to an enormous growth of welfare, we are increasingly confronted with the boundaries of what had seemed to be unlimited growth. As a consequence, society increasingly imposes demands on the direction of economic developments. These should be more sustainable in order to meet the needs of current generations without simultaneously compromising the ability of future generations to meet their own needs ([1] 'Brundtland report'). This specific requirement for sustainability seems especially important in healthcare, where societal trends jeopardize the sustainability of the sector. An aging population, with increasing prevalence of long-term and incurable illnesses,<sup>1</sup> an

increase in the number of people living unhealthily; an increase in unmet medical needs; increasing patient demands for quality and the availability of expensive new diagnostics and treatments will threaten the provision of healthcare for future generations [3,4]. In order to meet these threats and to achieve a more sustainable healthcare system in the future, a transition of the health sector is needed.<sup>2</sup> These transitions require far-reaching innovations, ranging from new products, services and technologies to systemic changes [8,10].

Such far-reaching innovations do not emerge in a vacuum, but rather in a dynamic and complex context, resulting from activities and interactions of different actors who are part of this context [6,15]. This 'system of innovation' approach describes innovation as an interactive phenomenon: i.e. a co-evolutionary process of structural reorientation. This view results in an integrated system-based model of innovation

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<sup>1</sup> By the year 2015, half of the population (15–85 years old) will suffer from a chronic disease [2].

<sup>2</sup> In literature transitions are described as major, complex, large-scale, long-term and structural transformations of an entire sectors which require structural reorientations at the micro- and macro-level of the economy that go beyond incremental change (see for example [5–10,3,11–14]).

that introduces potentially influential contextual factors for innovation processes. Studying innovation processes in terms of systems has developed into an established research tradition that studies structural elements, the actors involved and the institutions that guide and influence actor's perceptions and activities [6,10,16,17]. This paper follows Lundvall [17] indicating that the core of an innovation system is formed by the relation between micro-behavior of key actor groups and the wider system context in which they operate. This paper focuses on entrepreneurs as these are believed to be one of the key actor groups due to their ability to discover, develop and diffuse innovations (e.g. [17–19]).<sup>3</sup> By focussing on the actions of entrepreneurs, contextual elements will be discussed when relevant. The innovation systems approach is often criticized for its lack of explanatory power caused by a wide focus on all actors, networks, organizations and institutions that influence the development, diffusion and implementation of a particular innovation (e.g. [6,17]). This research, however, describes the context based on experiences of entrepreneurs; consequently, only factors from the system context with an actual influence will be discussed. Furthermore, this research not only identifies contextual factors, but also analyzes how and why they matter for entrepreneurs.

According to many scholars (e.g. [20–22]), entrepreneurs play a crucial role in innovation processes that contribute to sustainability. Former studies into transitions have mainly focused on how entrepreneurs innovate (e.g. [23–26]) and on the identification of personal characteristics that determine which individuals become entrepreneurs (e.g. [27,28]). According to Edquist [16], innovation scholars started to recognize the importance of the system context for innovation processes from the 1990s onwards. Ever since, many scholars have devoted their work into explaining and describing the role of the context, which resulted in many studies into innovation systems and its elements: e.g. work into 'network interactions' of Carlsson & Jacobsson [29], Edquist [16] and Klein Woolthuis et al. [30]; 'guidance' of Ashford [5] and Hekkert et al. [10]; 'competition' of Sarasvathy [24]; Davidsson [25]; 'institutions' of North [32], Johnson & Gregersen [33], Olsen [34], Scott [35], Hahn & Scheermesser [36] and Rotmans [3]. However, within this literature about the system context of innovation, studies analyzing the influence of this context on entrepreneurs greatly outnumber those considering the influence of entrepreneurs on the context (e.g. [38,39,67]). Although these efforts are worthwhile, they illustrate that existing research fails to explain *how* entrepreneurs exert their potential influence on the system context, whereas such explanations would especially contribute to one important challenge in innovation theory as described by Lundvall [17]: linking entrepreneurship as a classical driver of innovation to

the concept of innovation systems. Hence, current innovation literature offers insufficient insights into *how* innovating entrepreneurs interact with the system context for their innovation. This gap in innovation literature is caused by insufficient knowledge on the characteristics, success and time-related dynamics of entrepreneurial strategies to interact with the wide variety of elements within the system context. An improved understanding of this *interaction*, especially for those entrepreneurs that contribute to the transition, could improve the understanding of innovation processes on a micro level and could be used to improve innovation policy. This research analyzes this interaction from the viewpoint of individual entrepreneurs in healthcare.

Contextual factors are, however, by definition sector-specific. Therefore a more detailed description of the sustainability challenge and innovation characteristics of the sector under study is required before the interaction itself can be analyzed. This paper focuses on Dutch healthcare, because of its high impact on the Dutch economy in terms of public expenses and employment numbers (e.g. [40]); its fundamental character of providing a public good according to well-known public values as quality, affordability and accessibility, and its strong sustainability threats like an aging population and increase of chronic illnesses. Until now, most studies into transitions have been applied to the energy and environmental sector (e.g. [13,14,41,42]). Applying an innovation systems and a transition approach to the healthcare sector is rather new, although the sustainability threats clearly emphasize the need for a transition towards sustainability in healthcare [4,34,43,44].

The main aim of this research is therefore to gain greater insights into the interaction between entrepreneurs and the system context in healthcare by simultaneously taking a wide scope (focusing on a wide variety of elements within the system context of innovation) and a narrow scope (focusing on the entrepreneurial perspective). This research will answer the following research question: *what are the successful entrepreneurial strategies to change the system context for the development and diffusion of sustainable innovations in Dutch healthcare?*

Fig. 1 gives an overview of the focus of this paper. Relation 1 illustrates that healthcare entrepreneurs develop certain innovations in interaction with the healthcare system context, which in turn contributes to the transition towards sustainable healthcare. Relations 2 and 3 represent the interaction between the healthcare system context and innovations by healthcare entrepreneurs: the influence of the system context on the entrepreneur (Relation 2) and the influence of an entrepreneur on the system context (Relation 3).

Section 2 presents the theoretical background for studying entrepreneurial strategies of sustainable healthcare innovations. Section 3 describes the research methodology: the research population, the data used, the measurements and the various methods of analysis. Section 4 presents the results. Section 5 provides the conclusions. Section 6 discusses the findings and gives recommendations for policy and further research.

## 2. Theoretical background

The contribution of this paper to innovation and sustainability literature is twofold. In addition to the emphasis on the important role of healthcare entrepreneurs in realizing a transition towards sustainability, this research delivers more

<sup>3</sup> Two citations illustrate that entrepreneurs are believed to form a key actor group in innovation processes

- (1) "Sustainable entrepreneurs identify market opportunities for innovations concerning sustainability, successfully implement these innovations and create new products or services" [18:3].
- (2) "Innovation can be seen as 'new combinations'. It can be separated from invention that becomes an innovation only when the entrepreneur brings it to the market" [17:7].

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