

## THE ROLE OF CORPORATE ENTREPRENEURSHIP IN THE DEVELOPMENT OF EFFECTIVENESS OF THE GOVERNMENT HEALTH SECTOR IN SRI LANKA

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### Abstract

*People's perceptions of public sector services across the world are unsatisfactory. As a result, in order to improve institute performance, top management extended the notion of corporate entrepreneurship to the public sector, mostly in developed countries. Where the notion was applied, organizations exhibited a high degree of productivity. Previous research studies done in other countries discovered that the use of corporate entrepreneurship has a beneficial impact on the functioning of health institutes. However, there are relatively few researches on the state health system when implementing Corporate Entrepreneurship. Particularly, a very limited number of qualitative researches was performed on this study area. The vacuum brought much attention to researchers in the current study. Therefore, it will be acknowledged substantially to fill the gap when the background formation of the Sri Lanka public health sector is studied. To carry out this research, Qualitative case study-based research method was executed. The findings are based on the observations obtained through twenty interviews conducted using the semi-structured interview guide on the top managers from ten public health organizations awarded with productivity awards. According to the conclusions, individual influences (proactiveness, autonomy, goal-orientation), external influences (customer satisfaction, community support), and organizational influences (organizational support, reward & recognition) have a beneficial impact on corporate entrepreneurship inside the institution, while constraints such as insufficient staff, financial barriers have a negative impact on the organization's efficacy, efficiency, and quality. However, several limits and practical consequences were discovered while steering this study.*

**Keywords:** Corporate Entrepreneurship, Public Health Sector, Top Managers, Influences, Constraints

### Introduction

Sri Lanka provides free healthcare to all its residents regardless of socioeconomic status, or geographical location. Compared to other developing nations, the Sri Lankan healthcare system appears to contribute to good health results (Grimm & Pallegedara, 2017). However, there are certain flaws with the quality and efficiency of its services (Jimba & Shibanuma, 2016). The majority of public hospitals presently are overcrowded, with long lines in the OPD and clinics. Nonmedical sectors are to blame for the majority of client discontent. Inadequate treatment, a scarcity of medication and other supplies are all factors that contribute to patient discontent (Dissanayake, Low-Quality Medicine and Patients' Rights Violations Plague Sri Lanka's Universal Health Care System, 2013; Jimba & Shibanuma, 2016). Hence, as a solution for this issue, corporate entrepreneurship can be applied to the public health sector (Banda & Kazonga, 2018). In the health industry, entrepreneurial behavior can lead to a healthier population, which may contribute to economic prosperity (Banda & Kazonga, 2018). Provision of innovative health services helps to lessen the Country's illness load (Banda & Kazonga, 2018). A healthy population is more productive and this productivity can help the Sri Lankan economy.

Corporate entrepreneurship issues have generated a growing interest among academics and policymakers. But there are very few studies conducted to find out the relationship between corporate entrepreneurship and the public sector performances (Banda & Kazonga, 2018). This study will move a step further to fill the empirical gap of corporate entrepreneurship in the Sri Lankan public health sector.

With the application of corporate entrepreneurship to public healthcare entities, the intention of this study is to comprehend how the performance of services provided by government hospitals has improved. It will assist in determining the root causes of the public health sector's inefficiency, which contributed to consumers' displeasure, and how leadership may utilize beneficial of corporate entrepreneurship.

In such a context, this study will address the following research questions:

- a) What factors influence corporate entrepreneurial behavior and actions of the top managers?
- b) What are the constraints for corporate entrepreneurship in the public health sector?
- c) Why corporate entrepreneurship is important in the performance of the public health sector in Sri Lanka?

### **The Aim of the Study**

This study aims to understand the improvement of the effectiveness of services offered by government hospitals after applying corporate entrepreneurship to public healthcare institutions. It will help to find the underlying reasons for the ineffectiveness in the public health sector which caused patients' dissatisfaction and how managers can harness the benefits of corporate entrepreneurship.

### **Literature Review**

Corporate entrepreneurship is influenced by characteristics of three main categories; individual characteristics, organizational characteristics and external characteristics (Camelo-Ordaz, Fernandez- Alles, Ruiz-Navarr, & Sousa-Ginel, 2011). Corporate entrepreneurship is defined as entrepreneurship that takes place within a company, either through corporate venturing or strategic entrepreneurship (Kuratko, 2010).

The first main area of corporate entrepreneurship is corporate venturing, which encompasses a variety of ways for starting, expanding, or investing in new enterprises (Keil, McGrath, & Tukiainen, 2009). Strategic entrepreneurship techniques, on the other hand, have as a commonality the demonstration of large-scale or otherwise highly important innovations used in the quest of competitive advantage.

Innovation may occur in any of five areas using strategic entrepreneurship approaches: the firm's strategy, product offerings, service markets, internal organization or business model (Kuratko, 2010). Organizations can be uplifted through the innovations (Divakara, 2017).

When a compromising relationship exists between two parties where one party called principal and other party called agent, and principals hire agents to resolve problems on their behalf it is called agency theory (Floyd & Lane, 2000). Hence, in this study's context the government as the principal and managements as agents (Floyd & Lane, 2000). Senior-level managers play a deciding role in organizational structure (Burgelman R. A., 1984). Middle level manager's influence and form business'corporate entrepreneurship initiatives through contacts with senior and first-level managers (Kuratko, 2010). Conforming function is demonstrated by first-level managers' adaptation of operational rules and procedures to higher-level organizational strategic goals (Covin, Kuratko, & Morris, Corporate Entrepreneurship, 2015). As a result, firms following corporate entrepreneurship strategies demonstrate a cascading, yet coordinated set of entrepreneurial activity at the senior, middle, and firstmanagement levels (Covin et al., 2015).

Public sector corporate entrepreneurship is a new field and it is defined differently by various researches. Hisrich, Kearney and Roche (2007) stated that sector internal organizational factors and the external environment would affect public sector performance. However, according to Roberts (1992), introduced innovation in public sector practice can be known as the corporate entrepreneurship in the public sector as well. Hughes (1998) claims, old intuitions describe public sector assets as bureaucratic monoliths. This has been validated in recent studies, even with the effecton corporate entrepreneurship performance in public institutions (Banda & Kazonga, 2018). The characteristics of bureaucratic firms in public organizations limit corporate entrepreneurship application into the organization (Hisrich et al., 2007). Borins (2001) provides empirical evidence onthe barriers to implementing innovation as a corporate entrepreneurial element in the public sector.

However, it is possible to implement innovation in the state sector (Banda & Kazonga, 2018). A study conducted by Albury & Mulgan (2003) identified several key obstacles in innovation, especially prevalent in the public sector. This is being validated with recent studies (Sangiorgi, 2015). These include delivery repressions and administrative; short term budgets and planning horizons; poor awards and incentives for innovation; a culture of risk aversion; poor active skills, risk or change management; lack of government and institutional support; financial barriers; unwillingness to close failed programs or existing organizations and technologies (Divakara, Semasinghe, & Surangi, 2019). Entrepreneurship has thrived in other areas, and health care is following suit in terms of growth (Guo, 2003). The health care business may learn from the successes and failures of other industries (Guo, 2003). Health care systems are very complicated and chaotic, just like other global economic organizations, which no longer use old techniques (Fayaz-Bakhsh, Fayaz-Bakhsh, Mousavi, Nazari, & Raadabad, 2014). Innovation and entrepreneurship are thus a precondition for the conservation and sustainability of organizations in the time of healthcare development and rebuilding (Fayaz-Bakhsh et al., 2014). The company's development and profitability and consumer satisfaction were the main characteristics of organizational outcomes (Fayaz-Bakhsh et al., 2014). Healthcare innovations are aimed at enhancing quality of care, administrative effectiveness, cost effectiveness, or consumer experience, and are delivered via coordinated and integrated efforts (Morgan, 2019). These innovations are especially complicated outcomes because they typically integrate both performance and operational novelties, or embodied and disembodied components with varying levels of materiality or tangibility (Barnett, Brooks, Djemil, Vasileiou, & Young, 2011). Patients' happiness is regarded as critical to the organization's existence (Ahmad, Ali, & Bharadwaj, 2013). It is intended to provide overall patient happiness and is considered innovative since patient expectations and perceived quality are used to assess satisfaction (Ahmad et al., 2013). As noted earlier, it is difficult for bureaucratic organizations especially in the health sector to engage in corporate entrepreneurship (Hezlinger, 2006). However, some government health sector hospitals that implemented corporate entrepreneurship into their organizations found that all dimensions of public sector entrepreneurship positively and significantly impact health sector performance (Banda & Kazonga, 2018). According to Sebor and Theerapatvong (2010), organizations need constant innovation, risk-taking, and proactivity to stay competitive. The presence of corporate entrepreneurship among corporate managers leads to positive results (Sebor & Theerapatvong, 2010).

So, through this literature review, the researchers were able to delve into the specifics of the concepts of entrepreneurship and corporate entrepreneurship, the role of managers and corporate entrepreneurship in the public health care sector.

## Methodology

The case study-based qualitative research methodology was chosen for this study. The case study is based on government hospitals in Sri Lanka. To identify the appropriate samples researchers followed up lists of National Productivity award winners, newspaper articles and discussed with the key informants of primary, secondary, tertiary public healthcare institutions in Sri Lanka and finally ten institutes where corporate entrepreneurship elements practices, mainly innovation were selected. The case is the corporate entrepreneur in the institution's top management in a public hospital which has developed its' efficacy due to the corporate entrepreneurial influence of top management. Hence, after selecting suitable organizations research was discussed with the key informants of the relevant institutes to identify ideal respondents and 10 responders were identified as suitable cases. There were five hospital directors, three-unit heads, and one chief pharmacist from teaching hospitals, district general hospitals, and base hospitals among the selected cases. Almost all respondents had more than ten years of work experience. A series of in-depth semi structured interviews were conducted to gather data from respondents. Each respondent underwent two separate interviews at various times and places in order to elicit unbiased information. Consequently, data were gathered through the conduct of twenty interviews. The selected organizations were situated all over the Sri Lanka in the provinces of Sabaragamuwa, Western, North Western, Central and Northern (Figure 1). The chosen themes were developed after reviewing the transcript-based data and those were then refined through transcript cross-analysis.

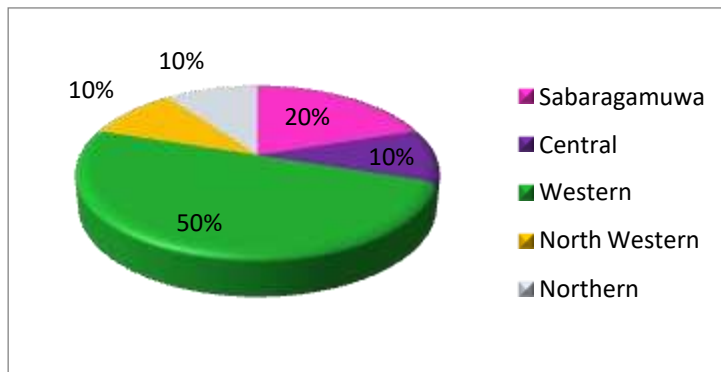


Figure 1: Percentages of case studies according to the provinces in Sri Lanka

## Results and Discussion

### Influences:

As previously stated, there are individual, external and organizational factors that act as influences on the corporate entrepreneurship in the institute (Figure 2). A total of nine subthemes; those that operate as individual influences were identified. Six subthemes were identified in previous studies (Divakara, 2019; Mokaya, 2012): proactivity, risk taking, creator, autonomy, need for achievement, and goal orientation. Respondents performed many proactive activities such as statistical data analysis and planning, stockpiling for emergency scenarios, and so on. As corporate entrepreneurs, they have taken risks by bringing changes to established procedures or new systems for the organization's benefit. All of these people who have responded are creators. Several respondents in this research demonstrated autonomy throughout the interview process. Respondents' significant accomplishments, such as renovating an empty facility into a divisional type hospital and establishing a fully functional histology lab, demonstrated the subtheme; need for achievement. During the research, one of the important subthemes that emerged is goal orientation. All of these respondents have set their sights on the highest degree of achievement.

Three new discoveries; multidisciplinary, observer, and public relationship. Multi-disciplinary; correlate with top managers' capacity to balance all administrative, financial, and clinical tasks with additional devotion to the organization. During the analysis stage, this was the second most often cited sub theme. The following statements were extracted from two respondents, which supports that being multi-disciplinary is a major trait of corporate entrepreneurs. *"I have many responsibilities within the hospital. I have to administrate all the hospital work from top to bottom. Even though I'm a director sometimes I treat patients, because before becoming a hospital director I'm a MBBS doctor and as a doctor I should treat people. And I have to look after my staff."* (Hospital director, case G).

The next new discovery is Observer. During this investigation, the research revealed that observation talent is extremely important for being a successful corporate entrepreneur. Thus, after noticing the gaps and obstacles in the firms' majority of these respondents demonstrated their corporate entrepreneurial conduct. The following statement was extracted from a respondent, which supports the subtheme of Observer.

*"During my service period I've seen handwriting of some doctors are terrible and couldn't even imagine what drug was prescribed in the prescription. But experienced pharmacist can manage that problem after discussion with patient. But in this institute, we have newly appointed very young pharmacists as clinic pharmacists. So, I have observed that they are struggling with dispensing the prescribed drugs. And also, I got several complaints about dispensing errors. As a solution I introduced printed clinic books to the hospital. So now pharmacist can easily dispense drugs with zero mistakes rate and even doctors can save their time they used to write all the lengthy drug lists"* (Chief Pharmacist, case J).

As the final discovery, public relationship was identified. This was the most cited and significant subtheme in the area of individual influences. It was recognized that top managers in the public health sector should be skilled in building public relationships with other parties. Most Sri Lankan public hospitals are renovated and maintained with the support of the community. As a result, in order to obtain that assistance, the director of the institute or head of the unit should maintain a positive public image with society. The snippets below exhibit how a healthy public relationship affects the innovations specifically.

*“As the director of teaching hospital, I think it is very important to have good public relationship with external parties. In this organization some wards and some highly valuable instruments and equipment were donated by If you don't have good public relations skills, becoming a corporate entrepreneur in the government sector is challenging” (Hospital director, Case B).*

*“Our external supports agreed to offer help for our meal serving modification project. They have already presented necessary things to initiate this project” (Hospital Director, Case C).*

When considering the organizational influences, there are four sub themes. The literature identified organizational support, reward and recognition, and organizational boundaries (Divakara & Surangi, 2021; Mokaya, 2012). To establish new concepts within the organization, most respondents receive organizational support from their superiors, subordinates, and colleagues. However, respondents occasionally encountered challenges as a result of organizational limits such as the tall structure of government organizations and organizational rules that limited their capabilities. Furthermore, reward and recognition have a significant influence on corporate entrepreneurial activity. Several respondents suggested that a performance-based compensation system should be implemented in the government sector, which would have a direct influence on employees' commitment to the organization. In this area, researchers were able to discover a new subtheme; organizational requirement. When there is a need, employees are inspired to meet that need. This subtheme was supported by the following snippet extracted from the transcription based on the conversations had with the respondent;

*“When I joined to this hospital there was no histopathology lab here. So, they had sent all their samples to other hospitals for analysis purpose. So, at that time I'm taking over the duties as consultant of histopathology there was no lab to work. So, I've established the histopathology lab here” (Unit Head- Consultant in Histopathology, case H).*

Finally, external influences such as technological opportunity, community support, and consumer satisfaction have an impact on top executives' corporate entrepreneurship. The previous literature identified technological opportunity and consumer satisfaction. Presently, technology influences everything. According to the findings of this study, public hospitals are now digitizing their hospital databases with the assistance of the outside community. When considering consumer satisfaction and positive feedback, it has a significant impact on corporate entrepreneurs' motivation to exhibit creations. Also, the new theme identified by this study is community support and it was recognized as one of the major external causes that impacts individual's corporate entrepreneurial behavior within the public hospitals in Sri Lanka. Furthermore, the comment provided below validates the above subtheme.

*“Business community in our area also helps to launch this project within short time period and they also agreed to provide lunch for the selected patients per day. Especially for patients with special dieting requirements.” (Hospital director, Case C)*



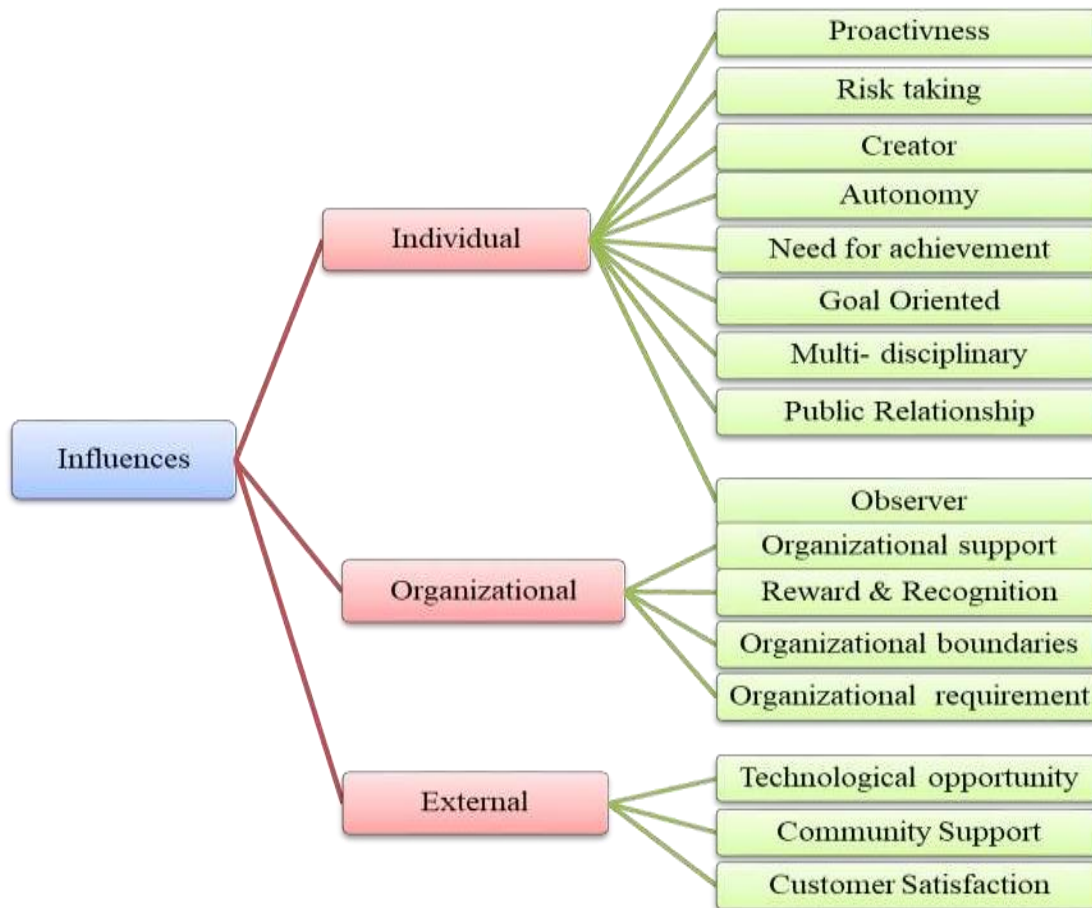


Figure 2: Influences for Corporate Entrepreneurship

**Constraints:**

In this study seven variables were recognized as constraints (Figure 3). Six constraints have previously been identified in the literature. The most cited constraint, was identified as layers of the organization and bureaucracy. Tall structures resulted in increased bureaucracy, which discourages corporate entrepreneurs from implementing any changes or new innovations. The majority of government institutions do not keep their rules and regulations up to date. As a result, respondents claimed that obsolete rules and regulations do not reflect today's culture and inhibit employee corporate entrepreneurship. During the research, the second most often mentioned constraint was an insufficient staff. Almost all respondents stated that a shortage of competent labor causes fatigue and stress, which has a direct impact on employee corporate entrepreneurship. Inadequate infrastructural amenities limit the service quality and demotivate staff.

Another significant impediment is the financial barrier. During the interviewers' discussions, it was proposed to the government to institute a reward and recognition system based on employee performance and increase funding allocations for public hospitals. Another barrier mentioned is technological updating. Researchers noted that, while public hospitals are seeking to incorporate technology into their facilities, they are short on both manpower and equipment. During the investigation, a new constraint was discovered; a deficiency of resources. In addition to financial, human, and physical resources, there is a scarcity of information resources pertaining to knowledge, professional skills, and personal growth. Evidence from interviews corroborated this subtheme.

*“Training programs for personal development will increase the responsiveness of staff member but we don’t have resource person in our institute and we do not have budget allocation for hire such resource person. So, I suggest there should be at least named one professional trainer for the province and then they can organize these sessions within the organization” (Hospital director, Case F).*

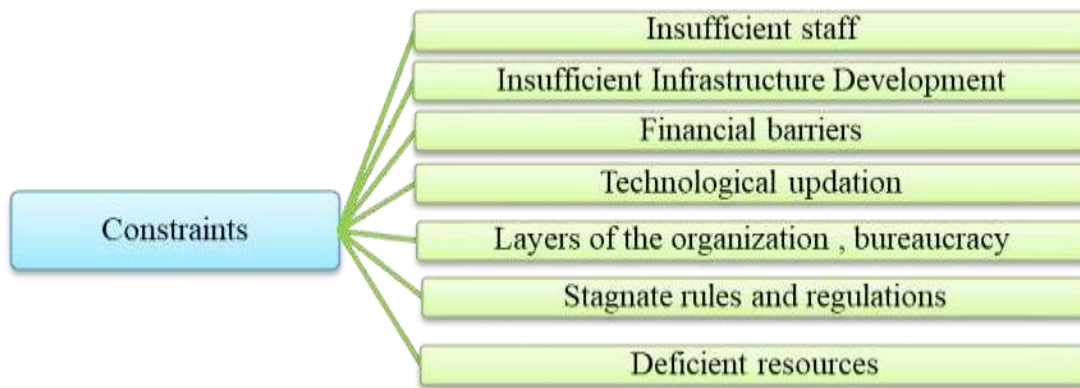


Figure 3: Constrains for corporate entrepreneurship

**Performance:**

The majority of respondents stated that corporate entrepreneurship improved the organization's performance. And, during a conversation with them, responders stated that after implementing some modifications or innovations efficiency, efficacy and quality of the service had increased. According to earlier research, performance was mostly measured based on efficiency. However, in this study efficacy and quality were identified as new subthemes which increase the performances (Figure 4). The excerpt collected from the transcriptions created based on the interaction with the responder shows support for the efficacy and quality.

*"Innovation is always essential to the growth of any company." It improves the quality and efficacy of our job. The best example is that our employees now work cheerfully after initiating the Healthy workforce project. I can tell a significant difference in their work. They are now highly responsive, and there are very little mistakes as compared to the earlier" (Hospital director, Case F).*

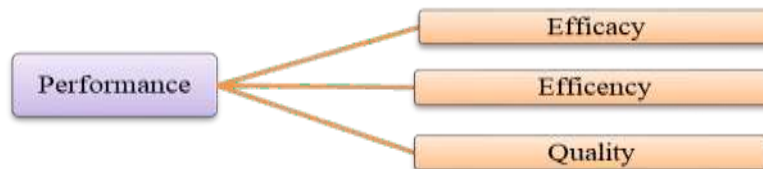


Figure 4: Importance of Corporate Entrepreneurship on the Performance

**Conclusion**

According to the findings of this study, there are key influences categories, and constraints that have a direct impact on top management's corporate entrepreneurship. Furthermore, some additional influences and constraints that have a significant impact on corporate entrepreneurial behavior were discovered throughout this study. As a result, these findings may aid in the establishment of a successful corporate entrepreneurial culture while reducing the impact of constraints inside the organization.

Based on the findings, the researchers established an integrated model for corporate entrepreneurship and performance in Sri Lanka's public sector health institutions (Figure 5). Influences operate as inputs in this model, triggering employee corporate entrepreneurship, organizational performance acts as outputs, and constraints act as mediators. This model may be used to public health care organizations in developing nations, such as those in the African or South Asian regions. Furthermore, the outcomes of this study will assist policymakers to make organizational decisions and adjust organizational structure.

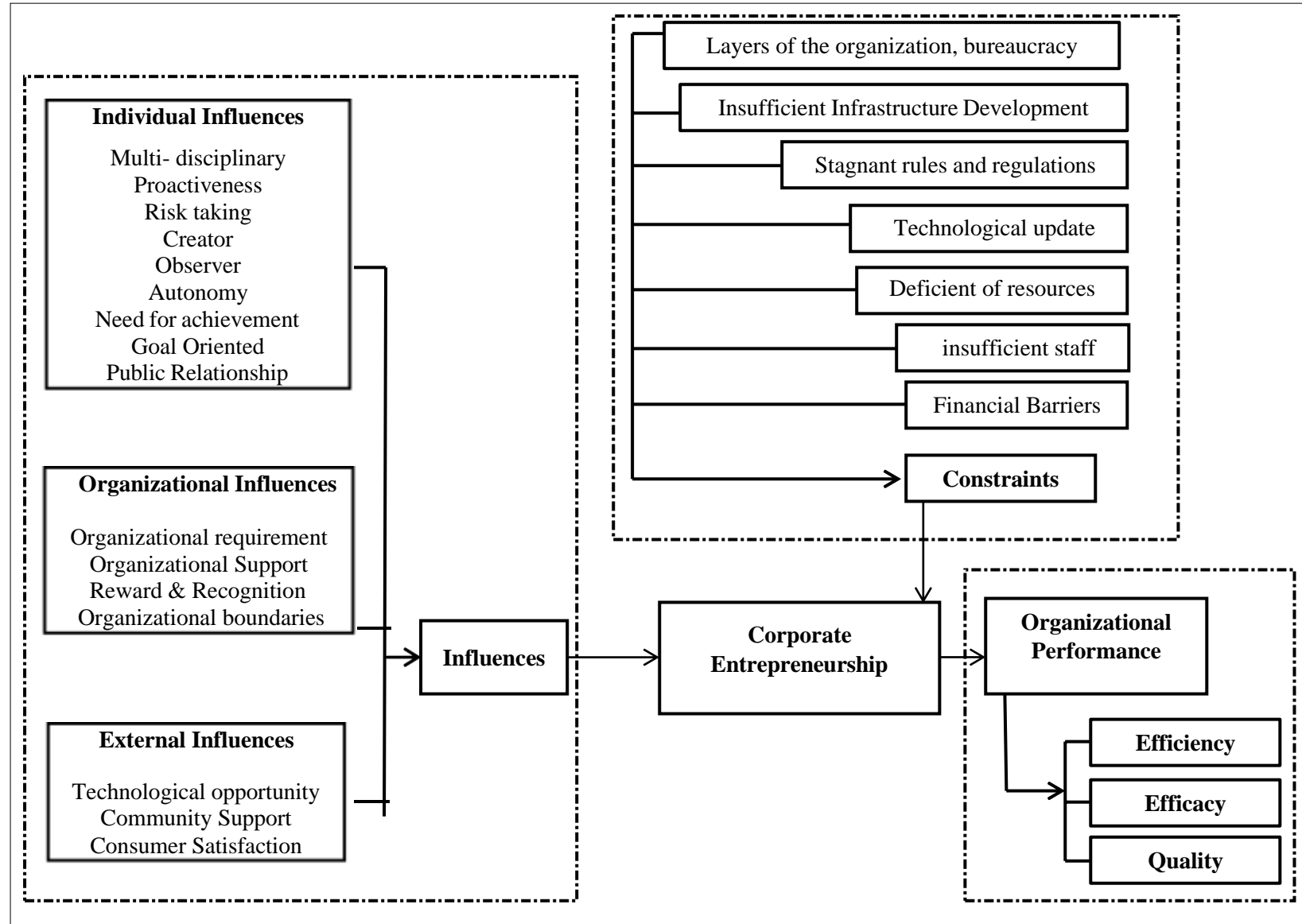


Figure 5: An Integrated Model for Corporate Entrepreneurship and Performance in The Public Sector Health Organizations in Sri Lanka



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