FROM COMPLIANCE CULTURE IN ELDER CARE TO RESIDENT FOCUS INNOVATION AS SOCIAL ENTREPRENEURSHIP – A GLOBAL OPPORTUNITY

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ABSTRACT

This paper reviews the international need for elder care and discusses a model for creating an internal environment for sustainable innovation based on an empirical study of elder care facilities that act entrepreneurially and support innovation to deliver resident valued services that meets policy guidelines aligned to community and government expectations and standards. A validated and adapted audit instrument is used to: identify the opportunities for corporate social entrepreneurship within the Australian elder care industry; evaluate the role of the board, management, and staff as care providers in targeted innovation initiatives including marketing to potential residents; and measure sustainable innovation. Analysis indicates that the research instrument can both assess the climate for social entrepreneurship and innovation and identify the training areas for sustained innovation within elderly care organisations.

INTRODUCTION

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

There are close to two million Australians over the age of seventy and the number is set to double in the next twenty years (Productivity Commission 2011). Throughout the world today, there are more people aged 65 and older than the entire populations of Russia, Japan, France, Germany and Australia—combined. By 2030, 55 countries are expected to see their 65 and older populations at least 20 percent of their total; by 2040, the global population is projected to number 1.3 billion older people—accounting for 14 percent of the total; by 2050, the U.N. estimates that the proportion of the world's population age 65 and over will more than double, from 7.6% today to 16.2% (united Nations, 2009). This projected increase is shown in figure 1. In Europe, (European Community-Twelve) it was estimated that by 2011, 17% of the population is expected to be 65+ - (a growth from 9% in 1950); in the USA the demographic is estimated to be 13% (compared with 8% in 1950), and in Japan 19% (compared with 5% in 1950) (Nijkamp, Rossdorf and Wilderson, 1991). Data from the fifth national census for China (2001) identifies the proportion of people over the age of 60 was 10% of the population and for those over 65 had reached 7%. (Wong, 2007) thus lifting China into the ranks of 'ageing societies.'

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

The national reaction to the consequential increased demand for pensions, health, resident places and other services for the elderly has meant that more resources must be found, and that governments have developed social care policies that reflect their own philosophy in relation to the type and extent of care required, and the responsibilities to be exercised by elderly individuals and their families. In a recent survey (Productivity Commission 2011), the Australian residential elderly care system was considered outdated in regard to regulatory practice and pricing arrangements which threatened the viability of the elder care sector. Also identified were the diminishing returns on private investment in the industry at a time of unprecedented demand and growth. The average return on investment for new, single-room facilities is now just 1.1% and falling. Almost half of the current facilities are over twenty

years old. There is a need to overhaul the system to offer quality, equitable, efficient and sustainable care (Productivity Commission 2011). Importantly, the common theme is the provision of quality residential and community services for the elderly, but such services are costly and result in a high financial burden on the tax-paying members of the society. All this uncertainty in developing sustainable elder care presents a global opportunity. This paper will explore the factors in the current practice for management of elder care and identify the role of innovation where a social entrepreneurship culture is established.

MODEL FOR SUSTAINED INNOVATION

A fact often overlooked in national policy debates is that innovation does not surface in an organisational or operational vacuum (Cutler, 2008; Ireland, Kuratko, Morris, 2006a). Ireland and his colleagues define a Corporate Entrepreneurial Strategy (CES) "as a vision directed, organisation wide reliance on entrepreneurial behaviour that purposefully and continuously rejuvenates the organisation and shapes the scope of its operations by recognising and exploiting entrepreneurial opportunities that are oriented to innovation" (Ireland et al 2006a, p21). Indeed, for a corporate social organisation, it is argued that board members, management staff and care employees throughout the organisation who are engaging in entrepreneurial behaviour are the very foundation for organisational entrepreneurship and innovation (Spring & Gillin 2005, Bartlett & Choshal, 1994, O'Reilly & Tushman, 2004). Ireland et al (2006b) define this entrepreneurial behaviour as "a process through which individuals (all levels) in an established organisation pursue entrepreneurial activities to innovate without regard to the level and nature of currently available resources" (p10), (Zahra and Covin, 1995, Zahra, Nielsen, and Bogner, 1999). Innovation is commonly described as "creating value by doing things differently" or "creating value through doing something in a novel way", or "good ideas put to work" (Cutler, 2008, p10), and where value in elder care facilities is that perceived by the resident or in the bottom-line. It is the active appreciation of the dynamic processes associated with innovation that leads to change.

As outlined in the introduction, the growth in elderly numbers of 65+ is an international phenomenon with ever increasing demands for quality facilities and services in elder care. Illustrative of this reality, the model shown in Fig 2, bases the elder care industry firmly within the external environment (see outer elipse). Creating an internal environment (inner 6 elipses) for sustainable innovation the Board (approved provider) must take cognisance not only of the external environment but also the impact of policies, regulations and practices associated with providing an effective elder care facility. From the international literature it is clear that the external environment has common elements such as: government policies; education and practice standards; type and purpose of facilities; best practice concepts; access and use of medical and science contributions to gerontology; and the processes of accreditation.
In establishing an elder care facility to meet the physical and philosophical needs of the expected residents, all the elements of the external environment must be accommodated in the new entity.

Within the Australian system of elder care provision, the Board (see elipse Fig 2) is recognized as the 'approved provider' and under Government policy has to juggle these multiple parts to ensure successful outcomes. In consideration of governance, hospitals as the historic health care service had Boards of Management which were typically comprised of doctors, lawyers, accountants and more recently a trend towards inclusive memberships, with members of other professions (nursing, social work) and lay people (Griffith 1999). However, in developing a model for sustainable innovation in the elder care industry it is important to recognise that the approved provider has responsibility for establishing both the structure and culture for delivery of the elder care services within their facility and that supports the achievement of the strategic vision for the elder care facility with a resident focus and financial viability. Such a Board is responsible for its stewardship in delivering services to the Elderly in a manner which ensures that the residents are satisfied, the Staff are happy and committed to their service, and which results in a socially acceptable bottom line.

Within this facility it is essential to maintain the functional health patterns for residents and establish an activity scenario that delivers a satisfying experience of daily living for each resident. Specifically, such a "maintenance requirement"- elipse (Figure 2) will include hydration, medication, nutrition, physical, emotional and social needs. Government policy considers these requirements as mandatory and the basis for seeking Government funding for the elder care facility. The major control to receiving Government funding is the achievement and maintenance of a Department of Health accreditation process to provide care for the elderly. This accreditation process is assessed against four standards which cover such activities as: management, care, lifestyle, quality and safety issues. and the assessed performance of the staff and facility to meet forty-four measured outcomes (Aged Care Act 1997). This