Entrepreneurial dynamics – can it be effective?

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Abstract
The dynamics of a company, where all the planned activities run through this organization, must be coordinated on every level. The tendency towards static decision making and exiting from the market, due to a critical environment or situation – is why it is important to study this entrepreneurial behaviour in a practical way. Few people actually think about the relationship between strategy, goals and decision-making inside an organization or the relationship between managers and owners, who actually attend to the routine work and duties. Recent literature and research studies focus significantly on measuring turbulence in the industry based on the start up and exit rate of emerging companies and the relationship between GDP growth and company ownership. If an organization is quite small and the owner is not a good manager or coordinator, then the possibility of risk and exit from the market will be increased. It should be mentioned that survival problems are showing up mostly in companies that have been trading for 2-3 years but studies about the influence of the strategic skills of owners in dealing with business resources in a changing or turbulent environment cannot be found. This paper contributes to this understanding by examining how Health Care businesses can achieve dynamic skills in a crisis environment.

Keywords
Dynamics · effectiveness · entrepreneurship · health care · strategy · skills

Introduction
Entrepreneurial dynamics seem to have become a significant phenomenon in the last few years. Changes in the business environment along with innovation procedures bring about new situations that need to be solved not just effectively but with care and in an original way and finally with added value for the customer. Techniques to monitor the implementation of new competencies and technologies should be context sensitive (based on strategy), reflect the unique characteristics of the business area and respect the design of the organization [5, 18, 21]. Strategic plans usually lack a main focus because businesses identify and attempt to address too many issues at once. This problem is compounded by mixing strategic and operational issues, whereby the emphasis is not placed on achieving the maximum results from one target area, along with the feeling that adaptability and dynamics are crucial for business success [24, 29].

1 Dynamics and strategy
Dynamics is based on the provision of information and the feedback about errors which cause strategic changes. Changes should be effective when a negative feedback and rapid reaction clash with a clearly defined strategy [1, 10, 28]. Dynamic decision making is perceptive when it encompasses the following three principal components [19]:

• practical behaviour in the area of doing business,
• monitoring skills in the area of thinking about providing the business,
• self-evaluation in the area of one’s responses.

Practice in the business area allows becoming familiar with problems and avoiding a turbulent and non-dynamic decisional spiral. Traditional models of skills cover only a few variables such as the structure of an organization, climate, processes and leadership without dynamic points such as the behaviour of other elements [4, 7, 18]. The research on the influence of the attribute of competency on the adoption and use of innovation usually suffers from a variety of measured issues. In these types of organizations there are well positioned highly skilled people,
but the result of learning by innovation or knowledge activities is very limited [11]. Strategy preparation and the measurement of its effectiveness is very difficult and brings about certain dilemmas – which variables are dependent in each part of the business plan, if the selected variables have an impact only on the desire of the company – as if artificial, trying to look like a target or they are real measurable and objective values. Firms often do not actively respond to changes in the external environment due to their dependence on attractive resources, rather they confront compliance in order to make something less necessary [2,27].

Another possibility of measuring the effectiveness of a strategy is to use financial ratios and budgeting. Ratios are often used for cost benefit analysis, cost effectiveness (more variations are used to provide the maximum effect) and threshold spending (obtained directly from the cost-effectiveness measure by multiplication). Turbulent times bring about not only new technologies but well-informed people, who use their potential in business practice [9]. They create their own business repertoire which causes dynamic behaviour in the market on any level of the organization. In particular these tendencies are observed in the area of services such as banking, professional services or medical care and legal services, which require consistency and conformity.

1.1 Dynamics in health care businesses

Health care businesses are of course like normal business providing services and they share many characteristics with them. But some significant differences do exist, which is why it is important to study them. If a typical example of the information flow is: professional provider of service (general practitioner-GP) and patient as a receiver of the service, then the GP has weak linkage with the receiver of the service and payer of the service (when the service is paid from insurance) and the GP does not have a feedback about service satisfaction in this tripartite (Medicare provider, patient and insurance company) [20].

Managing own business in the health care is sometimes difficult because of non-regular payment and non-regular pricing. The price of the service is not prepared by the physician, but by the regulator of the market – Ministry of Health [12]. After that, the payment of the “final price” has two parts – payment from the health insurance and payment from the patient. According this physician obtain capitation payments (fixed amount per registered patient, which they obtain as monthly amount), which could dramatically change the potential of health care business in the future according to population-based payments. The dimensions of firm performance used as variables in health services research are endogenous like vertical or horizontal integration, chain ownership, boundaries on the market in light of the strategies of existing and possible competitors [25].

Diers et al. [8] discovered an elasticity dependence on three main factors which are knowledge, skills and attitude. In his research he described 33 knowledge elements, 35 skill elements and 26 attitude elements in 6 areas, which could provide entrepreneurial dynamics. This method could be abbreviated (analog with traditional SWOT analysis) and could be interpreted as “QRBITS” and should make a strategic profile of each health care unit. Each area covers internal factor areas (Quality, Resources, and Bridge) and external factor areas (Interpretation, Team, Sustainability) which have an influence on the overall dynamics.

It is important to note that Health Care Services differ from all others in two basic perspectives, they not only make influence on our life and its quality, but they also:

- Must be offered by a professional, knowledgeable provider to whom the customer trusts that they will select the most suitable type of service.
- Customers are in the position of service recipients, who often do not know what they need and business meetings are influenced by the recommendations of the provider. Initially it is a classic business relationship where customers come for the service. But the customer only chooses the consultant services and assumes responsibility for the final decision, while the service will be chosen by the provider.
- For the service provider there arises a dilemma, should they follow their own business interests or the interests of the customer since the answer will have an influence in strategy making.

2 Study setting and design

Small businesses offer their new services and products in the local market, inspired by an original global product, so they mostly offer a cheaper, home-made imitation of some innovation [23]. Their strategic behavior is mainly influenced by the degree of the creative and innovative work of an entrepreneur along with serious work and risk taking. In many case studies, firms having between 10 and 49 employees are proactive in the process of on-going learning and innovative processes. They are still under pressure from the market to offer a unique product or service in order to survive and be competitive. They create qualitative and quantitative barriers to support an innovative climate within the organization based on the owner’s personality, financial resources and others competencies which could cause low innovative activity [6][23].

According to the review of literature that was carried out in advance of any primary research being undertaken, nobody has yet tried to combine this wide area of comparative skills, represented by the 120 qualitative items based on the methodology of Scorggins and Rozell [14].

2.1 Health care system in the Czech Republic

The Czech Republic has a system of Social Health Insurance (SHI) based on compulsory membership in a health insurance fund. The Ministry of Health’s chief responsibilities include setting the health care policy agenda, supervising the health system.
and preparing health legislation. The Ministry also administers certain health care institutions and bodies, such as the public health network and the State Institute for Drug Control. Patients are free to choose one of health insurance funds to provide (pay) for their care. Insurance contributions are obligatory and the amount depends on the wage or income. The majority of expenditure is through the SHI system which is financed through compulsory, wage-based SHI contributions and through state SHI contributions on behalf of certain groups of economically inactive people.

Approximately 95% of primary care services are provided by physicians working in private practice, usually as sole practitioners. Patients register with a primary care physician of their choice, but can switch to a new one every three months without restriction. Primary care physicians do not play a true gatekeeping role as patients are free to obtain care directly from a specialist and do so frequently. Secondary care services in the Czech Republic are offered mainly by private practice specialists, health centres, polyclinics, hospitals and specialized inpatient facilities. The health system in the Czech Republic has three main organizational features:

- SHI with virtually universal membership, funded through compulsory, wage-based SHI contributions;
- Diversity of provision, with ambulatory care providers (mainly private) and hospitals (mainly public) entering into contractual arrangements with the health insurance funds;
- Joint negotiations by key actors on coverage and reimbursement issues, supervised by the Government [3].

2.2 Research methodology and results

The on-line questionnaire collected data from 608 active respondents in the Czech Republic, (during period of July to December 2010; pre-test phase off-line 120 respondents June to September 2009), who identify main competencies needed for business success. Research sample was formed from people who in the past provided their own business in the role of business owners (22.2 %) and 77.8 % in the role of employee (current position: employee 82.6% active business owners 17.4%).

The analysis is based on statistic data analysis multidimensional statistic methods in qualitative research area, using Principal Components Analysis (PCA). All collected data were processed in SPSS for Windows, ver. 18. To get more sophisticated results and to identify dominant tendencies, we used PCA with a VARIMAX rotation (factor loading minimization); applicability of data was examined by the Bartlett’s test of sphericity with the values of the presented results being under $P < 0.05$ and for all the data we used the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) with a recommended minimum value of 0.6 [26].

We used only factors with more inter-factor correlation coefficient value more than 0.5 and accounted their share on the total competence model as 100%. Secondly, the research sample was divided into two groups by the gender to compare preferences within examined groups (see illustration below).

Gender influence on business behavior has definitely been proven. Women seem to be more adaptive, but not as well prepared as their male counterparts in the market. This figure graphically evaluates the main strengths and weaknesses of
The above mentioned competency model could be useful for the personal development of health care business owners in dealing with daily business problems, creating ways to a socially responsible business concept, as frequently mentioned in this branch of business. It was the basis for following the research to the second phase, the evaluation of strategy planning and finding which tools are often used for reaching specific goals.

By means of this concept we want to describe significant parts of the strategic plan, which could bring about dynamics of a business unit and this part was prepared ONLY for health care business owners (384 respondents, second phase of the research). In the first part they are to evaluate which skills they need to be successful, in connection with the results in the first phase. Secondly, there were other factors, which may be mentioned in long term plans and could be significant for strategy development in four main areas. (KMO significance = 0.731 (Personal plan = 0.832, Production plan = 0.712, Financial plan = 0.823 and Marketing plan = 0.790). According to this in the questionnaire they evaluated their changed behaviour as being due to carrying out business on the scale mentioned in the table below.

This research confirmed that in services the most important factor for the dynamic development is the relationship between personal planning and the production plan as a case of whole strategy dynamics or an adaptive process. After the principal factor analysis, the most important areas could be clustered into groups of strategic skills, which cause their dynamic behaviour. These areas cover different skills as a general competency model based on the Scroggins and Rozell model (Fig. 4, Table 4). Entrepreneurs in health care services seem to be more “traditional” in their values, more creative spirit and dynamic behaviour could be found in units with small support coming from direct payments. This table could serve as a first step analysis (mind – map) for QRBITS setting standards (original scheme in Table 1) and should help in understanding principal values in their business.

3 Discussion
All variables must be taken into account to achieve strategic goals. Each research and dynamics measurement must explain the internal and external validity of their results. In many cases it may bring about more internal validity for the research sample but still need another phase of experiments to be able to generalize about this model. Internal validity is significant for the first phase and first conclusions and provides an opportunity to develop the idea. But on the other hand, this approach brings about problems with the strategic prognosis using only internal valid models in another type of company. Another dilemma could often be called the "socially desired effect", where different ideas are not presented because they do not encompass normally used methods or strategy elements. This could cause future problems with strategy development and strategy dynamics [13]. The consequential time delay could cause more behavioural change and may well have an impact on the final effectiveness. This approach divides final effectiveness into [13].
• **Sleeper effect** (delay of impact) if the effect is measured only as the difference before and after the change process and the final effect could be greater because of the re-engineering of the main process, new activities and innovations. This approach was used as a model for factors influencing strategic behaviour.

• **Backsliding effect** (decay of impact), if the dynamics is measured after the project, on-going process, so the deviation with the plan and the final effect is near zero.

• **Trigger effect** (borrowing from the future), businesses are prepared for some problems due to their business area and internal and external procedures and they improve their leadership, strategy and goals. It appears to be similar for business plan preparation according to market analysis, price analysis, customer analysis and other factors.

• **Historical effects** (adjusting for secular trends), for the compilation of strategy dynamics businesses use customer segmentation and price diversification to spread the risk. It is practical to first see the partial effect of dynamic decision making on observed groups and after that it should be used as a strategy as a whole.

• **Contrast effect** (treatment effect), the plan and the implementation do not join together in the future.

The difference in responding to the business environment and the self interests of companies brings about constraints on being dynamic. Many companies have as the main goal for their future not innovation, but merely survival. They should effectively evaluate the business plans of these units, set priorities for expansion and try to understand that each change takes a long time and for every owner it must be an ongoing process of improvement.

**Conclusion**

Finally, according to Green [13], we should compare and divide Strategy Effectiveness into five effects which were primarily used for education strategy evaluation, but, when used as a normal trend inasmuch that all business are learning organi-
zations, this approach is very suitable and analogically could be added to modern managerial trends. Some of the dilemmas facing static planning dynamics cannot be resolved simply by trying harder to measure and evaluate. Some will not yield to quantitative and deductive solutions as an index method or behavioural study. All of them are based on conceptual and inductive analysis to clarify and to expand the theoretical and experiential managerial basis for describing what passes as a health care practice as well as at strategy planning and its effectiveness.

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