Entrepreneurial Nursing as a Conceptual Basis for In-Hospital Nursing Practice Models

By: Dorothy G. Herron and Lanny Herron


***Reprinted with permission. No further reproduction is authorized without written permission from Jannetti Publications, Inc. This version of the document is not the version of record. Figures and/or pictures may be missing from this format of the document.***

Abstract:
Entrepreneurship allows nurses to design models of in-hospital nursing practice which would benefit patients, nurses, physicians, and the hospital.

Article:
There is a growing interest in nursing in designing professional practice models that "work," that is, models that promote benefit both to nurses and to the clients they serve. But devising hospital models of nursing practice that are satisfying for all involved can be a difficult and frustrating task. Too often the needs of nurses, physicians, and hospital administrators seem to be at odds, and too often the needs of patients seem to be overlooked. Aiken (1990) notes that "an increasing number of nursing leaders appear to have `written off' hospitals, choosing instead to focus on the expansion of nursing in other practice options" (p. 72). Aiken (1990) points out that "two thirds of employed nurses practice in hospital settings. ... Nurses are of critical importance in determining the quality of the hospital care and the nature of patient outcomes. Giving up on hospitals is simply not an option" (p. 72).

Fortunately, there is a concept upon which to base nursing practice. It holds the potential of yielding in-hospital models of nursing that offer satisfaction to all concerned. This concept is entrepreneurship, an idea which is not restrictive to private practice. Entrepreneurship opens opportunities for nurses in hospitals that will benefit patients, hospital administrators, physicians, and nurses.

A monograph published by the American Nurses' Foundation in 1988 demonstrates how many nurses have conceptualized the idea of entrepreneurship. Aydelotte, Hardy, and Hope (1988) identified nurses in entrepreneurial roles as being in independent practice either as direct care givers or consultants. They saw nurse entrepreneurs as owners or proprietors of enterprises in which the nurses were financially and legally responsible for all aspects of the entity. However, an understanding of nursing entrepreneurship that confines the term to private nursing practice is excessively restrictive. In the mid-1980s the management entrepreneurship literature began including the terms internal or corporate entrepreneurship (or intrapreneurship) to refer to characteristics of entrepreneurial functioning within larger organizations. If nursing can understand and use this broader concept of entrepreneurship theory, it will have a base upon which to form professional practice models which will serve equally well in diverse nursing settings, including hospital practice.

Development of Entrepreneurship Theory
The concept of the entrepreneur has been developing for hundreds of years. The term "entrepreneur" comes from the French verb "entreprendre" with the connotation "to do something," and can be traced to the 12th century. Richard Cantillon (1680?-1734) authored the first economic theory of entrepreneurship (Hoselitz, 1960), and his central concept was that of risk. Cantillon saw entrepreneurs as having the foresight and willingness to assume monetary risk and as taking the action requisite to making a profit (or loss).
The Abbé Nicolas Baudeau (1730-1792) envisioned the entrepreneur as not only a risk bearer but also as an innovator who reduced risk through invention (Hebert & Link, 1988). He thus emphasized the entrepreneur's need for knowledge, information, and skills.

Anne-Robert Turgot (1727-1781) began weaving the threads of capitalism and management into those of entrepreneurship. Turgot saw the entrepreneur primarily as a rich merchant or industrialist who advances capital to the enterprise and who plans and supervises the work in order to accumulate more capital (Hebert & Link, 1988).

Jean-Baptist Say (1767-1832) was the 19th century economist most identified with the theory of entrepreneurship (Hebert & Link, 1988). Say viewed the entrepreneur as one who matched scientific knowledge with human desire, taking costs into account. For Say, sound judgment was the distinguishing entrepreneurial characteristic (Say, 1827).

American economists developed the idea of the entrepreneur as innovator and refined the concept of risk taker. The American economist Hawley (1843-1929) returned to Cantillon's theory with the view that entrepreneurship was the bearing of risk, but he strictly separated this function from that of the capitalist. J.B. Clark (1847-1938), on the other hand, argued with Hawley that risk bearing was not an entrepreneurial activity but rather a capitalist activity (Hebert & Link, 1988). For Clark, the entrepreneur was a coordinator and decision maker, but quite distinct from being a "mere manager" (Clark, 1907).

Schumpeter (1934) argued that the entrepreneur was an innovator, who forms new combinations, and who uses available scientific knowledge to produce and market new products or services. Schumpeter's entrepreneur was not necessarily an independent business person, but could also be an employee such as a hired manager.

Modern entrepreneurial theory draws on and refines these earlier concepts. Kirzner (1985) maintains that the essence of entrepreneurship consists in "alertness" to opportunities and that risk bearing per se is not an essential ingredient. Kirzner, like Schumpeter, believes that the entrepreneur does not need to be a capitalist and that he or she may even be a paid employee who sells his or her services for a wage (Kirzner, 1985). Although Vesper (1980) concentrates his definition of entrepreneurship on the act of starting a business or forming a new organization, he refers to this as independent versus internal entrepreneurship, thus alluding to the fact that his definition is narrower than that held by others, and that entrepreneurship exists internally in larger organizations.

T.W. Schultz, an American awarded the Nobel Prize in economics, defines entrepreneurship as the reallocation of resources and thus focuses on the entrepreneurial ability of dealing with disequilibrium (Schultz, 1975). He believes that entrepreneurial ability is not strictly innate, but may be enhanced by experience and education (Schultz, 1980). He further states that risk bearing is not a unique entrepreneurial attribute, that others besides business persons may function entrepreneurially, and thus anyone may learn entrepreneurship (Schultz, 1980). Shultz believes that the comparative advantage of schooling rises relative to that of learning from experience as technology becomes more complex (Schultz, 1980).

Although modern economic theory has not produced a consensus definition of entrepreneurship, a number of important conclusions may be drawn from the above literature. First, the essence of entrepreneurship appears to be innovation through reallocation or reconfiguration of resources for the purpose of creating benefit. The resources reconfigured may be any type such as people, capital, information, or organizations; and the reconfiguration itself may assume diverse forms such as temporal, spatial, informational, or combinations of these. Second, this reconfiguration implies an awareness of or alertness to the opportunity to do so for the purpose of creating benefit. These two tenets, alertness to opportunity and implementation of change, do not preclude the entrepreneur from being a "hired" worker. What they do call for is vision, alertness, and action. The term internal entrepreneur is often used to refer to an entrepreneur working within a larger organizational setting. Overall, entrepreneurship might best be defined as the creation of benefit through the reconfiguration of
resources. As such, it not only applies in nursing, it virtually calls out to nurses as they bring their unique perspective to the benefit of patient care.

### Table 1. Tips for Entrepreneurial Success in the Health Care Industry

- Internal entrepreneurs should volunteer and never be appointed. They must take the initiative and run with it.
- Internal entrepreneurs develop and write a business plan. Some ideas are good, but not ‘do-able’. The internal entrepreneur should be able to plan and defend the plan.
- Training is essential and should be provided both for the internal entrepreneur and the management staff.
- The internal entrepreneur must have the freedom and the right to fail. Good tries should be encouraged and failures should never be punished. Risk taking yields both successes and failures.
- The internal entrepreneur should manage the project. The internal entrepreneur is results oriented and will accept the responsibility for outcomes.
- Unnecessary constraints should be removed. Constraints suffocate creativity and innovation.
- Control should be decentralized. Written reports should be minimal.
- Stars should be rewarded. Rewards should be commensurate with their achievements.

Adapted from Price (1988).

The Role of the Nurse Entrepreneur within Hospitals

Entrepreneurial models have not been absent in nursing, but have been largely confined to non-hospital settings. The dominance of the hospital-controlled nursing service model has tended to hold hospital nurses in a submissive position in hospital models, although the innovative and responsible process of offering nursing care clearly falls within the scope of entrepreneurship.

Despite the lack of in-hospital entrepreneurial models, the idea of autonomous function and the development of professional nursing practice models within hospital settings has been growing. For example, Beecroft (1988) described a contractual model for delivery of hospital nursing care in which professional nurses perform essentially as internal entrepreneurs by contracting as a group with the hospital administration to provide cost effective, innovative patient care on a unit level. Contractual models of this type have also been evaluated in studies by Dear, Weisman, and O'Keefe (1985) and York and Fecteau (1987). In these models, nurses, who are employees of a large Eastern hospital, contract for patient care delivery either on a unit-wide or individual basis. The nurses define and control the nature of the service delivered and the nature of the client/nurse relationships, and are fully accountable for the quality of care. Use of the models has resulted in greater job satisfaction, reduced turnover, improved quality of care, and increased productivity. The essential elements to the models' success are autonomy in nursing practice within the organization, decentralized responsibility for decision-making, and compensation practices consistent with a professional approach to delivering nursing service (York & Fecteau, 1987).

Unfortunately, the concept of the entrepreneurial function has not been explicitly identified in these models. Incorporating the concept of internal entrepreneurship into the models would contribute a firmer conceptual base, provide a vocabulary for communication with hospital management, and facilitate the use of interdisciplinary research.

Wolfson and Neidlinger (1991) were the first nurse authors who used entrepreneurship theory on which to base an in-hospital model of nursing. They used a modification of Gartner's conceptual framework for describing the phenomenon of new venture creation in order to evaluate the success of a cardiovascular risk monitoring and education program which proved monetarily and emotionally satisfying to all involved, including patients, hospital administration, and nurses.
Too often nurses are given some, but not sufficient freedom to encourage entrepreneurial growth within hospital organizations. This is true for other departments within hospitals as well as nursing. A 1987 corporate venturing survey of health care providers (Price, 1988) indicated that top management originated new corporate venturing concepts almost 50% of the time. Only 5% of the ideas came from employees. Further only 37.5% of health care executives used incentives or bonuses to reward successful ventures within their organizations.

An earlier study by Price (1986) pointed out tips for successful internal entrepreneurship in the health care industry (see Table 1).

**Characteristics of Entrepreneurs**
The largest body of entrepreneurship characteristics research is found within the business management discipline, and the results of this research are important to nursing science. In part, this literature has attempted to identify psychological traits which differentiate the entrepreneur from the nonentrepreneur. A smaller subset of this literature examines behavior and characteristics more proximal to behavior.

Consensus has not been reached as to which personality traits, if any, are indicative of entrepreneurial functioning. In a review of the economic and management entrepreneurship literature, Gartner (1988) cites 22 empirical studies and 10 normative studies conducted to identify entrepreneurial personality traits. Gartner notes that rather than defining the entrepreneur, these studies have often poorly, or never, defined the concept of entrepreneurship, and that when entrepreneurship is defined few studies employ the same definition. Thus, the "startling" number of traits and characteristics and the psychological profile that has been attributed to the entrepreneur "portray someone larger than life, full of contradictions, and, conversely, someone so full of traits that she/he would have to be a sort of generic 'Everyman' " (Gartner, 1988, p. 11). A review of entrepreneurial characteristics investigated in the management literature is valuable for nursing, however, as it points up areas of entrepreneurship theory that nurses must understand before the theory can be incorporated into workable nursing models.

Early management studies seemed to support the early economic theory that risk-taking propensity was important to the entrepreneurial function. However, in 1980, Brockhaus conducted a landmark empirical study comparing risk-taking propensity of entrepreneurs with managers and with the general population. He found no significant difference in risk taking between the three groups. Thus, the empirical management literature has begun to converge with the new economic theory literature (Kirzner, 1985; Shultz, 1980) to hold that risk-taking propensity is not a distinguishing characteristic of entrepreneurs.

McClelland (1961 & 1965) and McClelland and Winter (1969), investigating the trait of need for achievement, defined an entrepreneur as anyone holding an "entrepreneurial occupation" such as some salesmen, consultants, or officers in a large corporation, as well as independent business owners. Nurses who function with autonomy under a variety of settings would fit this definition. McClelland (1961) found that need for achievement influenced the decision to enter entrepreneurial occupations. A study by Komives (1972), which measured the need for achievement of 20 founders of high-technology business, found a high need for achievement among this group. More recently, Begley and Boyd (1987) have supported this finding. Overall, the empirical management literature strongly suggests that need for achievement is crucial to the decision to become an entrepreneur.

Borland (1975), Brockhaus (1980a), Brockhaus and Nord (1979), and Shapero (1975) all did studies in the management literature which lent credence to the proposition that entrepreneurs tend to have more internal loci of control than nonentrepreneurs. Later a longitudinal study by Brockhaus (1980b), showed that successful entrepreneurs had significantly higher internal loci of control than those who failed. However, it is noticeable in Brockhaus' presentation of statistics for this study that the difference between the standard deviations of the locus of control for the successful and unsuccessful entrepreneurs is greater than the difference in the means between the two groups. His data implies that a higher proportion of unsuccessful entrepreneurs actually had extremely internal loci of control than did successful entrepreneurs. In other words, although Brockhaus' study
showed that internal locus of control is associated with entrepreneurial success, there may be a point above which additional internal locus of control becomes destructive. Further, Begley and Boyd (1987) showed a strong negative correlation between internal locus of control and liquidity among independent entrepreneurs. Thus, apparently, high internal loci of control is not only a distinguishing feature of entrepreneurs, but affects entrepreneurial performance as well, sometimes negatively. In addition, Begley and Boyd (1987) have concluded that Type A personality is not correlated with entrepreneurship, but that tolerance for ambiguity is.

Although this and other works have identified entrepreneurial personality traits and related them to performance, the more recent emphasis has been on identifying characteristics more proximally linked to behavior. Stevenson and Gumpert (1985) state that thought patterns governing entrepreneurial behavior may be grouped into five dimensions: (a) strategic orientation; (b) commitment to seize opportunities; (c) commitment of resources; (d) control of resources; and (e) management structure. Herron, McDougall, and Robinson (1989) found that Stevenson's and Gumpert's dimensions of thought patterns explained more variance in new venture performance than did the more traditionally studied characteristics of the entrepreneur.

Drucker (1985) lists five critical entrepreneurial behaviors: (a) the need for [correct] market focus; (b) financial foresight; (c) building a good management team; (d) defining the entrepreneur's personal role; and (e) seeking outside advice.

Herron (1990) has shown empirically that skills tend to be more important to successful entrepreneurship than personality traits. These skills include:

(a) product/service design; (b) functional business; (c) industry knowledge; (d) leadership; (e) networking; (f) administrative planning; and (g) opportunity recognition and implementation.

Montagno, Kuratko, and Scarcella (1986) examined what traits bank officials look for in entrepreneurs. The variables identified can be extended to what organizational administrators would look for in internal entrepreneurs. Problem analysis was ranked highest of 33 characteristics given. This was followed by determination. Oral communication, self-motivation, and leadership all tied for third. These characteristics would appear to have implications for nurse entrepreneurs, as they are among ones identified informally within the nursing profession as being associated with successful nurses.

Overall, the management literature on entrepreneurial characteristics suggests that several personality traits are critical to the decision to become an entrepreneur, most notably need for achievement, internal locus of control, and tolerance for ambiguity. However, with the possible exception of locus of control, few if any of these traits seem to affect the performance of those who have chosen to become entrepreneurs. On the other hand, recent research has shown that skills have a very strong and significant impact on entrepreneurial performance. This is most encouraging for the potential nurse entrepreneur because skills may be improved by experience and by training (Herron, 1990).

**Characteristics of the Internal Nurse Entrepreneur**

Although some entrepreneurial models have been developed in nursing (see above), very little has been done in the discipline to investigate what types of characteristics entrepreneurial nurses might exhibit or what types of behaviors they should display. Aydelotte, Hardy, and Hope (1988) state that no current research on the nurse entrepreneur exists. Literature content focuses primarily on testimonials or advice. These authors list need for independence, opportunity presenting itself, and lack of control/decision making in the workplace as the top three reasons given for the decision to start independent practice in a survey of 364 nurse entrepreneurs.

Dear, Weisman, and O'Keefe (1985) identify desire for control over work content and process, distaste for task routinization, frustration caused by the inability to use skills, a desire for opportunities for more professionalism, and a desire for increased earning potential as reasons for nurses wanting to enter into entrepreneurial functioning in hospital settings. Nauright (1987), lists strong self-image, creativity, desire for risk
taking and independence, marketing skills, and abilities for good decision making, priority setting, and budgeting as important characteristics for nurse entrepreneurs. No research is reported to support this list of qualities. Pearson (1984) separated nursing, administrative, marketing, and entrepreneurial skills and indicated that risk taking characterized the latter. Martin (1984) turned to two of the economic and management literature articles and listed 18 "characteristics frequently attributed to entrepreneurs." Others (Dayani & Holtmeier, 1984; Foltz, 1987; Jenkins, 1986; Leuen, 1987; Witzel, 1984) have described the anecdotal "success stories" of actual nurse entrepreneurs who are in independent practice, but give no research support to identify actual entrepreneurial characteristics.

Overall, many interesting characteristics of nurse entrepreneurs have been cited in the nursing literature but little if any empirical research verifies these observations. Further, little effort has been made by nursing to investigate the copious management literature available on the subject. What should be particularly encouraging to the potential nurse entrepreneur, however, is that most of the characteristics of entrepreneurial nurses discussed by nurse authors have been commonly observed among practicing nurses, suggesting that nurses in general should be capable of performing in entrepreneurial roles.

Preparing Nurses for Entrepreneurship Roles
When discussing entrepreneurial qualities, Schultz (1980) stated that entrepreneurial ability is not strictly innate, but may be enhanced by experience and education and that the comparative advantage of schooling rises relative to that of learning from experience as technology becomes more complex. In a modern hospital, if nurses are to move into entrepreneurial roles they must be prepared at high educational levels. Birley, Moss, and Saunders (1987) found that a general lack of managerial experience was not a barrier to female entrepreneurs, but that certain types of management knowledge were valuable toward entrepreneurial success. Baddock and Sawyer (1985) have described various and diverse management and legal knowledge which a nurse going into private practice as a nurse consultant needs.

Simms (1977), in a survey of 27 associate degree, 25 baccalaureate degree, and 20 master's degree programs in nursing found that although baccalaureate degree programs offered the most courses helpful for entrepreneurial functioning, programs at all levels reported that they offered an insufficient amount. It is surprising that baccalaureate programs offered the most entrepreneurial courses. Masters programs should include formal courses in accounting and management that would be of significant value to clinical specialists, nurse practitioners working in internal entrepreneurial roles, and nurse managers in the clinical area. Not only is this type of information necessary for intelligent planning, but nurses devising new nursing models within organizations must be able to establish credibility by possessing the skills to address the interests and speak the vocabulary of hospital administrators. Bonaparte (1986) agreed that we must structure nursing curricula to include courses that will prepare nurses to function in enterprising manners. Culbert-Hinthon, Fiscella, and Shortridge (1986) described problems of a nurse-managed clinical practice unit which could have been alleviated with knowledge of managerial concepts. Jenkins (1986) described the legal complications of two District of Columbia nurses who went to federal court in order to receive and maintain privileges in area hospitals.

The management discipline has likewise identified a need to educate students in the pursuit of enterprise. Herron (1990) showed that entrepreneurial skills are a function of training and experience. Vesper and McMullan (1988) explored the components of an entrepreneurial degree program. If entrepreneurship is the "nucleus of wealth creation and hence economic and social development. . . . to forge ahead with entrepreneurship education seems imperative for the health and well-being of our nation and the rest of the world" (Ronstadt, 1988, p. 7). Formal courses in entrepreneurship are now being offered at many schools of business at both undergraduate and graduate levels. The authors know of at least one college of nursing that offers a course in nursing entrepreneurship at the baccalaureate level and one that incorporates such a course into a nursing doctoral program. Such courses may be equally as important now to the discipline of nursing as they are to the discipline of management. Courses preparing the nurse for entrepreneurial functioning may prepare the way for greater nurse satisfaction and more effective nursing health care.
Conclusion
Nursing is moving into an exciting time, one in which the opportunities for innovation and satisfaction for both nurses and clients are rapidly expanding. Nurses are developing professional practice models which allow for autonomy and invention both within and without larger structured organizations. There is also a growing interest in the idea of internal entrepreneurship within the business community. Administrators of large businesses, including hospitals, are beginning to recognize that by encouraging the innovative restructuring of resources by their employees, benefits can be accrued for the employees, customers, and parent organization. Entrepreneurship theory thus may be used effectively by nursing to build professional practice models which foster the joint realization of both nursing and organizational goals. Nursing does not yet have a large body of entrepreneurship literature and practically no research base within the discipline, but by using concepts and studies of entrepreneurship theory found in the management literature, nursing has a base of theory from which to explore and expand.

Utilizing the concept of entrepreneurship would allow nurses to design models of in-hospital nursing practice which would benefit everyone involved through the reconfiguration of available resources. Nursing should not be afraid to embrace this concept and to educate and encourage its members to bring entrepreneurship into their hospital settings.

REFERENCES