

CUSTOMER-DRIVEN INNOVATION IN THE MENTAL HEALTH SECTOR. PRELIMINARY FINDINGS OF THREE MENTAL HEALTH HOSPITALS IN GREECE

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Abstract:

In the highly competitive health care market, corporations need to develop successful new services that meet the needs of customers. This is a complex system consisting of many actors and interest groups, and while there are many development opportunities, they seem in many cases dispersed and fragmented. Little has been written about how new health services are developed and to what extent should patients be involved in the development process. Furthermore, little in-depth research has been conducted into how entrepreneurial opportunities can be developed by health care organisations from patient-oriented services.

The paper reviews relevant literature and develops a model that investigates and explores the level of patient involvement required for successful new service development and how these new services could aid the cases organisations with establishment and growth in the sector of mental health hospitals. The contributions of this paper are deemed to be important especially since evidence and measurement of relevant outcomes from interventions in the mental health sector in Greece are somewhat limited and non-comprehensive.

Qualitative research techniques were applied to address the research questions. The preliminary findings show that health care organisations should adopt service innovation processes, involving users in the design and development of new offerings. This will also give them the ability to identify further entrepreneurial opportunities in the wider sector of health services.

Keywords: Service Innovation; Corporate Entrepreneurship; Private Public Partnership; New Service Development; Customer Orientation; Health Care Services

1. INTRODUCTION

It is widely accepted that innovation has assumed great importance for organisations in sustaining their competitiveness (e.g. Tidd et al, 2005; Bernstein & Singh, 2006). Blumentritt et al (2005), whose study concentrates on how entrepreneurs develop internal cultures that may inspire and impel innovation, argue that continuous innovation requires organisational systems and procedures that are embedded, so as to ensure growth. From an entrepreneurial point of view, Simmons et al (2009) state that entrepreneurship creates value through innovation, seizing business opportunities. But little research has been conducted about new service development in the health service industry, with only a select number of notable works available: Duncan and Breslin, 2009; Windrum and Garcia-Goni, 2008. This paper focuses on the mental health sector, investigating the opportunities for development of mental health care in Greece.

It becomes apparent that there is a noteworthy improvement in the areas of decentralisation of mental health services in Greece (Madianos et al, 1999). Yet there is much still to be done in terms of quality and delivery of mental health care services. What is more, the mental health service sector is not very highly exploited. There are few private independent hospitals of this kind across Greece, even though the public sector appears not to satisfy the needs of the patients. Forging, however, public-private partnerships in the sector could be particularly beneficial in the context of strategic innovation. By offering a two-way communication flow between public and private mental health services, access to patients' records and information exchange could be facilitated. These kind of linkages could extend to include key providers such as GPs and non-government organisations, providing a more holistic and personalised approach to medical treatment while at the same time they could lead the way to improved interventions by both private and public actors. The operation of such a partnership should not aim solely at making connections between objectives and outcomes; it should rather be understood as a process of structural reform where each initiative is of strategic importance in activating new, improved processes to the benefit of consumers.

The organisation that is the focus of this study is a leading player in the area of diagnosis, prevention, and hospital care in Greece. Euromedica Group is mainly involved in the foundation, organisation, and operation of clinical and scientific centres. In 2008, Euromedica recognised an unfilled niche in the market for health care, that of mental health services. Following extensive market research into this area of the health care market, including the limited availability of such treatments geographically, the organisation decided to invest in and develop their own services in this area.

This article responds to calls for the further development and investigation of the concepts of customer participation in the new service development process as well as of the link between innovation and entrepreneurship (e.g. Jones & Rowley, 2011; Melton & Hartline, 2010). It also attempts to bring a promising entrepreneurship lens to the still emerging field of service innovation in mental health care. On one hand, the aim of this study is to advance previous service innovation theory by associating with the entrepreneurship theory, while on the other, seeks to extend previous knowledge regarding the benefits of customer participation in new health service development.

This study adopts qualitative research techniques, following the advice of Rohrbeck and Gemünden (2011, p. 234), who state, "for research fields that are relatively new and about which the knowledge is limited, a qualitative research design is recommended." The preliminary findings are based on in-depth elite interviews with higher executives of the Euromedica Group, as well as with the administrator of each psychiatric hospital. The aim was to investigate issues relating to innovation, entrepreneurship, and customer orientation from the standpoint of management. The next sections of the paper include the evaluation of main findings with detailed discussion and implications for the literature. Finally, managerial implications and ideas for future research can be found at the end of this paper.

2. INNOVATION AND SERVICE DEVELOPMENT IN HEALTH SERVICES: THE DEVELOPMENT OF A CONCEPTUAL FRAMEWORK

Sociological, economic, technological, and political factors have been seen as the driving forces behind shifting ideas about healthcare provision, financing, and policy-making. For one thing, globalisation in its many facets is pushing towards innovative, technology-driven, customer-focused redesign of services with the focus being striking a balance between improved delivery of services and

cost containment. On the one hand, there is growing pressure for the healthcare sector to adjust to changing needs, attitudes, and behaviour over time, all of which affect the social determinants of health. Changing conditions of novel, more flexible family and societal structures, greater freedom in population movement, changes in lifestyle choices and habits, increase in life-expectancy rates which resulted in the rise of chronic-costly to treat-diseases, all the above factors call for a revision in the provision of services which ought to become more flexible, integrated and open to systemic change (Lee, 2001). What is vital in this model of radical reform is that structural changes are feasible to allow for new modes of professional practice and collaboration. Hospitals were once considered to be the sole portal of healthcare, reflecting the identity and lifestyle habits of the communities they served. However, traditional health care institutions such as hospitals are now seen as steeped in obsolete organisational silos and professional hierarchies, which cannot cater for the changing needs of patients who have increased access to information and thus bargaining power.

In the context of increasingly globalised and integrated networks of healthcare systems, traditional care systems are faced with many challenges and are strained at breaking point. Despite government efforts to curb healthcare costs, health expenditures continue to rise causing serious concern to the political forces of both developed and developing countries. Under the strain of the current economic crisis, there seems to be a global consensus towards economic integration and the application of market-style reforms in health care. This is especially true for developing countries where there have been sustained and continued efforts to remodel the health care system in the principles of privatisation and minimal government regulation. The majority of the wealthier OECD countries have nonetheless opted to maintain the welfare state to more or lesser degree, with the exception of the UK and Portugal where governments have demonstrated a firm commitment to push through market-style reforms irrespectively of the political cost. The US is reported to have the most expensive health care system, which accounts for the 16 percent of GDP (almost \$2 trillion) in 2005 (Tanne, 2005).

These rapid developments have led the current health care system to a deadlock because despite significant efforts to reduce costs, there have been insignificant changes. The health care budget is on the verge of collapse in many states, uncertainty about insurance coverage grows, the state is unable to cope, all of which affect profoundly public sector expenditure, posing serious threats to the longevity of the existent health care system. Admittedly, the health care industry is at a paradigm change, with many challenges as well as opportunities ahead. The focus in health care needs to be redirected towards innovative solutions for sustainable, cost-effective growth. Through combining human insights and clinical expertise, research could deliver advanced clinical practice and improved patient outcomes.

According to Porter, the existing health system is in the wrong direction as it creates new value, participants do not cooperate, instead trying to protect their interests by transferring the final cost to the patient. Research in health care practice points towards new ways of management to achieve greater efficiency with tougher legal and financial constraints. What we can confidently say is that the solution to the problem of healthcare expenditure is not simple and easy. To be able to identify the inefficiencies of the current health system, policy-makers and practitioners should have a clear picture of the inner workings, structures, interested parties (stakeholders), finance, access, coverage and the final value of the services provided to the patient.

The conceptual framework for innovation in health care should encompass revolutionary, transformational strategies which are meant to “disorder old systems, create new players and new markets while marginalizing old ones, and deliver dramatic value to stakeholders who successfully implement and adapt to innovation” (Harvard Business Essentials, 2003;). Generating opportunities for innovation, the entrepreneurial enterprise must be one of creating new processes, values and resources or expanding and improving existent ones (Hamel, 2000; Harvard Business Essentials 2003). Den Hertog (2010) sums up the notion of dynamic capabilities as the capability for architectural reconfigurations, which involve designing new services in novel ways and blending various-sometimes seemingly unrelated-service activities, creating new functional combinations. This dynamic model presupposes cooperation with new partners in various aspects of co-design and co-production of services. Participants thus engage in new partnerships and alliances, which stretch beyond the confines of one department, system, and provider and so on. This model invests heavily in applied research and product development processes (Andersson & Karlsson, 2004; Smits & Khlmann, 2004).

2.1 Relationships as Integral part of Innovation Strategy.

In a highly complex system such as the health care system, nothing is more vital than maintaining a satisfactory level of understanding among individual agents. The efficient function of a complex system depends on the interactions between its different parts. When communication is smooth, then individual players are likely to produce new, valuable capabilities, which cannot be fostered by the players when acting alone. This is the kind of interactions of high calibre, which Maxwell (1996) called “generative relationships” which can contribute to productivity gains, customer satisfaction and high end services of public interest. In the health care domain, this is a model of interacting networks between actors from both public and private sectors generating non-linear, collective service capabilities (Smits & Kuhlmann, 2004). Business and industrial clusters work together in horizontal and vertical networking to procure innovative ideas, knowledge, and skills. As an example of this approach to innovation, we could mention Challenge 5 which supports new policy developments such as the Digital Agenda of Europe, the European Innovation Partnership on Active and Ageing and Horizon 2020, all of which aim to harness the “network effect” typical of ICT networks (http://cordis.europa.eu/fp7/ict/programme/challenge_en.html). In the contemporary health care domain, the “paternalistic model of medical practice” has become outdated while communication issues have become all the more important, in light of medical uncertainties about new illnesses defying definitive diagnosis. This leads to a shift from diagnosis and cure towards prevention and cure and creates the need for a more patient-centred model of medical practice based on mutuality, patient autonomy, professional neutrality and shared decision-making (Leewen et al., 2007).

The implementation of innovation strategies in healthcare might prove to be difficult. This is so due to a number of reasons. It has been demonstrated in the literature that it is rather challenging to alter the mind-set of clinicians (Grego & Eisenberg, 1993), current medical practices, and healthcare organisations (Shortell, Bennet, & Byck, 1998; Shortell et al., 2001). Medical staff are keen to protect their autonomy and reputation, which promotes a culture of secrecy and blame. These established attitudes can be a hindrance to organisational learning and the generation of innovations (Huntington, Gilliam & Rosen, 2000).

A variety of organizational configurations and actors provide services in primary care in Greece today. Each one is a separate subsystem with its own organisational-management program types, with different working conditions, a separate supervising body (ministry), different sources funding resources and inequalities in contributions and benefits. It is, therefore, a fragmented and wildly growing service sector. A direct consequence of such fragmentation and segmentation is the complete absence of central core planning mechanisms and lack of coordination in the development, production, and provision of services. Similar difficulties exist in the design and implementation of uniform policies across these various actors, programmes, and subsystems in the contemporary health care system in Greece.

Improvements in clinical medical technology alone do not suffice; what is required is a re-evaluation of the underlying philosophy around care practice under a delivery model of co-ordination and relegation of duties among professional teams, individuals, and systems. Accountability for processes and outcomes should involve evaluation across different care providers and care settings with the ultimate focus always being providing the best care quality to patients. The health care system is more fragmented than comprehensive and communication across settings and providers is still limited (Cher et. al, 2000). The implications of such a fragmented and inflexible system are palpable; rising medical costs, unfavourable care conditions for patients who feel helpless and overwhelmed by the balk of information coming from different programmes and providers. Care coordination models could lead to transition management models with a more personalised, holistic a pro-active approach to health care provision.

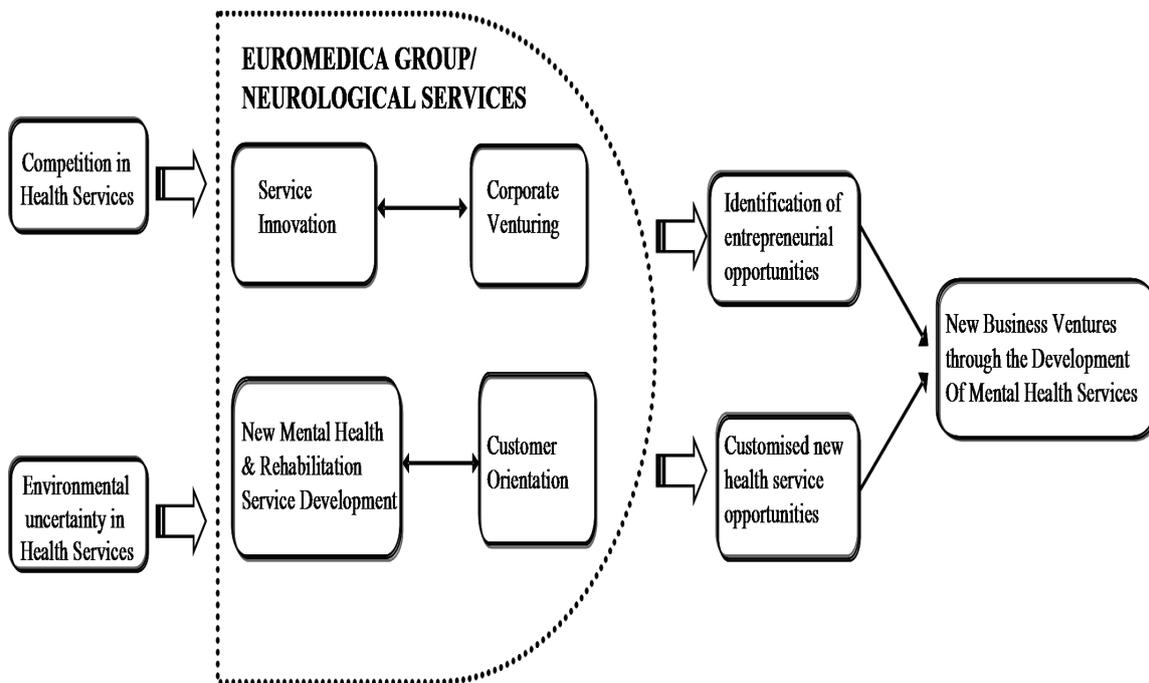
In recent years, users of psychiatric services have taken a more active role in their treatment and hospitalisation. Research by Barnes & Wistow (1994) and Campbell (2001) found that until the early 1980s, patients used to be passive recipients of their treatment, having no participation in and little influence over the services they used. Indeed, the World Health Organization (1990) advised that patients should be involved in the decision-making process with regard to their treatment, yet it has been reported in the literature that mental health patients have not been treated with equal consideration as other types of patients (Lammers & Happell, 2003).

Nevertheless, many changes have occurred since the 1980s that have led to mental health patients gaining increased influence over the services they receive, including users having increased control of their care and the decisions involved, and better availability of knowledge of the types of treatments delivered. Based on these findings, a conceptual framework (Fig. 1) has been developed in order to address the following research questions:

3. What is the role of customer (and of the market) in the development of health services in Euromedica Group?
4. How does Euromedica Group exploit innovation in services so as to engage in corporate venturing?

The framework conceptualises new service development and entrepreneurship in the health care industry. It offers a holistic approach to strengthening an organisation's position in the health care market by developing new service offerings and identifying business prospects, whilst satisfying and gaining loyal customers. From a theoretical perspective, this framework highlights the interactions between the research concepts within an organisation, as well as the entrepreneurial and new service development opportunities within the mental health and rehabilitation sector. The framework is developed to guide research efforts and to provide insights for managerial practice. The proceeding section of this paper explains the elements of the framework.

Figure 1: Conceptual framework for New Service Development through Corporate Venturing in the Health Care industry



Driving forces

Figure 1 recognises that competition in the health care industry and environmental uncertainty are the key external driving forces that require the organisation to pursue strategies for growth. As will be shown in the research context section, the health service industry is now characterised by increased competition and the growth of large enterprises offering a wide-ranging selection of services. Consequently, this has led to a decrease in the number of smaller specialised firms.

The second driving force is the instability of the Greek health care industry. This is the result of a number of factors: Firstly, as Greek political power is frenetic in its longevity (with leading political parties, only possessing power for what is often a very short time); policy regarding health care is continually changing. Secondly, the many problems regarding cash flow and payment delays of insurance funds, and in turn hospital funding and revenues. Lastly, the great concern felt by many Greek citizens regarding hospital fees. It is important to mention that considering the conditions of competition in the Greek private health care market and the political, business, and social climate in the Greek society, these are major forces pushing health care organisations to seek innovation and exploit business prospects.

Identification of entrepreneurial and new service development opportunities

Figure 1 also portrays two driving forces that urge firms to undertake several initiatives and approaches related to their growth. These are classified into four research efforts: service innovation, corporate venturing, new service development, and customer orientation. The combination between the first two seems to play an important role in the identification and exploitation of entrepreneurial opportunities, while the interplay of the latter two contributes to the creation of satisfied customers.

Many authors believe innovation and entrepreneurial activities to be intrinsically linked (e.g. Zahra, 1996; Thornberry, 2001). We may conclude that entrepreneurship and innovation are complementary activities, with innovation as the source of entrepreneurship and entrepreneurship enabling innovation to prosper, create value for the organisation, and improve business performance (Zhao, 2005a). Likewise, many researchers conceptualise corporate venturing as the actions of individuals or teams within organisations that lead to innovation of processes or products (e.g. Antoncic & Hisrich, 2003; Walton, 2003). Conversely, some authors support the view that service organisations should focus on the needs and preferences of their customers and turn their innovation efforts in this direction (e.g. Fuchs & Schreier, 2011; Kandampully, 2002).

Successful service innovation is likely to involve existing and potential customers in the new service development process, in so doing the customers' needs are better understood (Morden, 1989). It is clear in the literature that inputs of information about actual and potential customers guide successful and customised offerings (e.g. Zirger & Maidique, 1990; Cooper & Kleinschmidt, 1988). Groenroos's study (2007) suggests that the development of a new service offering should be implemented by people who fully understand the requirements and the preferences of the customers. This is particularly valid in mental health services, as user participation improves the psychological situation of the patient and enhances the quality of the offering. This leads to a more active user, who can contribute to his/her treatment.

3. RESEARCH CONTEXT: EUROMEDICA NEUROLOGICAL SERVICES

In recent years, the Greek health care industry has become characterised by significant changes involving mergers and acquisitions between companies in the three broad areas of activity (general clinics, obstetric and gynaecological clinics, and diagnostic centres). A result of this trend is the prevalence of multi-purpose business groups for medical services, which offer a full range of services for diagnosis and treatment. The competition between private health units is particularly intense with several factors affecting the increase of demand for private health services (e.g. gradual aging of the population, emergence of new diseases, evolution of medical science and technology, etc). However, mental health care sector is not very much exploited by the Greek healthcare groups. There are few independent hospitals of that kind across Greece and it becomes apparent that public sector cannot satisfy the needs of patients. This leads to the conclusion that this underdeveloped area of healthcare has much room for growth in both new quality service development and, business expansion. Research findings and performance metrics regarding the sector are indeed limited; Constantopoulos and Yannulatos (2004) emphasize that the private sector has not been evaluated by either the Ministry of Health or independent experts or academics, although about 50% percent of mental health patients are hospitalised in private hospitals.

Euromedica Neurological Services is the leading provider of private mental health treatment and associated care services in Greece, with a network of 3 acute hospitals and care homes (Thermaikos, Castalia and Galini), which employ more than 350 people. The organisation offers a range of inpatient, outpatient, day patient and residential treatment programmes, as well as therapy services that include condition management programmes as well as psychological and psychiatric services, such as secure and step-down services, complex care and rehabilitation services. It also provides autism services and care of the elderly. It continues to establish new services each year in partnership with government bodies.

4. CORPORATE AND HOSPITAL-RELATED RESEARCH

This study aims to investigate issues regarding innovation, entrepreneurship and customer orientation from the management perspective. All things considered, "the role and responsibility of top management is to deliberately create processes (regarding innovation and corporate

entrepreneurship) that are carefully cultivated and maintained through cultural and structural design” (Kemelgor, 2002, p. 70). The corporation and hospital-related side of the research reveals the viewpoints of the executives and higher-level managers of the Euromedica Group as regards the innovative and entrepreneurial activity of its mental health hospitals and how they take in the participation of patients in the new service development process.

a. Data collection method

In-depth elite interviewing was adopted as the primary data collection method, because of the nature of the research purpose. This technique provides a deep and rich investigation of executive viewpoints regarding entrepreneurial activities and the development of customer-oriented services. Elite interviewing is not a common research technique and has not been broadly mentioned in the business literature on in-depth interviews (Ozdemir, 2007; Welch *et al*, 2002). Elite interviews, though, offer valid and reliable data on the central questions of this research project. Richards’s study (1996) reports that the elite interview process assists the researcher in appreciating the perceptions and values of the interviewee; essentials that cannot be found in documents or records, but which influence decision-making. Another study by Goldstein (2002) suggests that researchers should adopt elite interviewing to seek information from a specific sample of officials (élites) to generalise the outcome in connection with their characteristics or to search for particular information.

The researchers had initial discussions with key informants, who were very interested in the study and helped considerably in its execution. Apart from those discussions, they prepared a letter providing information about the research and its objectives as well as the type and number of sample required. This letter also mentioned privacy (personal confidentiality) and potential benefits for the hospitals. After confirmatory feedback was received, further discussions took place to arrange the date and time of the interviews. The interviews were carried out at the headquarters of the Euromedica Group as well as at the chosen hospitals. Interviews were tape-recorded for future analysis and assessment and lasted 50 to 80 minutes.

b. Survey Instrument

Interview questions were derived from the innovation-management, entrepreneurship, and customer-orientation reviews of the literature and were prepared for the analysis of both the new patient-oriented services development and the ways these new services might aid the Euromedica Group with establishment and growth in the sector of mental health hospitals. It was also essential to conclude whether the organisation and its hospitals have their own procedures and tools to support such projects. The questions covered topics related to: the role of administrative and medical staff in innovation activity, the level, and type of market research undertaken on user-oriented service development, and the management practices engaged when developing new services.

c. Sample

Data collection was based on in-depth elite interviews with, on the one hand, members of the Board of Directors and other top executives, while, on the other, with executive managers from mental health hospitals. The former group consisted of the: Chairman, Vice-Chairman and CEO, Business Development Director, Quality Director, Medical Services Director, Nursing Director, Patient Services and Admissions Director, as well as the CEO of Euromedica Neurological Services, who is responsible for the Group’s mental health care activity. They were chosen to provide information about the overall innovation strategy and new service development methods, activities and initiatives of the hospital chain, whereas the latter group (hospital managers) was expected to provide the same kind of information as regards the hospital unit they operate in. A study by McDermott and O’Connor (2002) emphasises that this approach offers a thorough understanding and a richer portrayal of the case being studied. Participants were selected because they have deep knowledge of Euromedica’s innovation and entrepreneurial activity, so the information acquired could be compared and treated as being highly credible.

d. Data Analysis

Studies argue that qualitative research is of increased interest in health services (e.g. Shortell, 1999; Sofaer, 1999); however, no considerable attention has been paid to the approach and methods of data

analysis (Bradley *et al*, 2007). Studies by Fossey *et al* (2002) and Thorne (2000) report that qualitative research techniques establish guides and associations between elements of data and therefore, data analysis is a compound and mysterious process in qualitative studies.

Data analysis was performed throughout by a broad and thorough procedure as set out by Creswell (2007). At the early stage of the qualitative analysis of Research Section I, interviews were transcribed to produce manuscript that could be used to generate coding categories and test theories. Before transcriptions were coded, each transcript was examined carefully to enable a thorough understanding of its value. A guide to themes then emerged, using a category system for data reduction and coding in line with both the initial theoretical framework and the conceptions that had been developed by the interviewees. The next step followed the process employed by Lindgren and O'Connor (2011), who classified interview data and organised them thematically to compare organisation, operation and strategy among case study sites as well as participants' viewpoints. This systematic process concerns the description of managerial practices, the interpretation of decisions and actions, as well as the search for patterns and correlations among data (Lindgren and O'Connor, 2011). Likewise, the study by Pope *et al*. (2002, p. 149) reports, "when conducting this coding analysis the researcher gives consideration to the actual words used, the context, the internal consistency, the specificity of responses that is more based on one's own experiences of respondents, and the big ideas beneath all detailed information".

As regards conclusion drawing and data verification, one would apply the notion of Rohrbeck and Gemünden (2011), who recommend that a researcher should follow the theoretical framework, identify and assess rival explanations and make a case description.

5. RESEARCH FINDINGS

a. Innovation activity within Euromedica and its mental health hospitals

It is clear that senior executives of the Euromedica Group recognise the importance both of the development of innovation and of entrepreneurial activity. Indeed, higher executives identified many internal factors that stimulate innovation activity, such as: the evolution of technology; the attitude of managerial and scientific staff towards innovation; the evolving needs of patients; the quality of the service offerings; the need to remain competitive and to have additional revenue from different sources in a time of crisis. As an external factor that discourages firms from innovation, they identified legislation, both financial and social. The management also claimed that tools are used to identify customer needs and assess the health market, such as adequate information systems, questionnaires, and so on, despite the fact that these have not yet been established in their psychiatric clinics. Informal, rather than formal, processes of developing new services have been adopted.

It has also been found that the company is not rigorous in condemning efforts that fail, but prefers to acquire knowledge from experience. In any case, few people claimed that the company has created a system where innovation thrives without restrictions; most respondents stated that further measures should be implemented to enhance the organisation's structure and achieve better results. Participants argued that the stimulus of development encourages innovative activity and Euromedica has shown that its business goal is to expand its activities in all sectors of the health sector, and beyond national borders, as well as developing new services that meet the growing needs of customers.

This last is particularly important, as management observed that customers together with other stakeholders lead innovation efforts. Therefore, they have developed services that meet the needs of patients and take into account their demands. However, the management team claimed that patients are able to play a role in enhancing residential services in hospitals and stressed that only some users of psychiatric services are able to contribute to the development process. However, there were respondents who stressed that in psychiatric settings, there is no culture and organisation such as to cater for the desires of customers and their integration into the process of service development.

b. Venturing objectives and entrepreneurial activities of the Euromedica Group

It becomes clear that Euromedica seeks to establish a well-organised network of hospitals and health

centres throughout the Balkans area, providing all kinds of health care services and meeting customer needs for high quality health care. As regards mental health, Euromedica Group plans to establish an association of ten units and develop new structures for primary care. This has great value as the market for primary care of mental health is quite underdeveloped and there is ample scope for action. It also shows that Euromedica promotes business ideas that seem to take into account both patient care and economic efficiency, encouraging investors/physicians to own more than half of the shares in the new investment, increasing the financial contribution where appropriate, and organising the new partnership, utilising their knowledge and experience in the health sector.

c. New service development in Euromedica Neurological Services

Data show that Euromedica has developed in the last two years, inputting new services, creating new departments and, collaborating with scientists to develop the Group. In the field of mental health, it seems that two of the three psychiatric hospitals have taken significant measures, through the upgrading of infrastructure and enhancement of services or by developing new ones, in order better to meet needs and improve their competitiveness. Furthermore, it appears that the company wishes to expand its activities in the field of mental health by adopting new practices; establishing new structures that will contribute to the treatment of patients and enhance deinstitutionalisation, and utilising the knowledge and expertise of scientists to benefit both society and its position in the market place. As regards the operation of the hospitals, the plan is the expansion of services, aiming to gain more customers.

Overall, it appears that ideas for development mainly come from staff, the competition, and the evolution of science; fewer are drawn from customers and market research. It also appears that the coordination between departments in developing new services is in need of improvement.

d. Customer orientation and health services within Euromedica and its mental health hospitals

Generally, it appears that Euromedica assesses the market, utilising a variety of tools, such as statistics, reports, market research, observation of the competition, cooperation with doctors, etc. Particularly in mental health, the company wishes to collect information about: the demographic and social characteristics and the quantity of potential customers; the socio-economic background; the status of the competition; the cost of potential investments; economic benefits; and adequacy of the scientific staff. Furthermore, Euromedica aims to establish solid relationships with doctors rather than with customers. However, the customer viewpoint on services is taken seriously, as special teams were formed within hospitals to improve services and increase customer satisfaction. Moreover, despite all the shortcomings, the company is trying to adopt techniques to monitor queries and complaints and to create mechanisms that would integrate patients into the design of new services and lead to initiatives for development.

Nevertheless, it is worth noting that although there is no great flexibility in adapting the services already provided, many people support the involvement of patients in the development of new services. Specifically, in mental health services it is evident that hospitals make efforts to build a trusting relationship with customers by providing high quality health care, arranging repeated sessions with psychiatrists and other doctors, and maintaining constant communication with both patients and relatives. Still, it is obvious that none of the hospitals uses specific tools to assess customer satisfaction or respond to customer questions.

6. DISCUSSION

This research is pioneering, insofar as it has developed a conceptual framework, which introduces a new perspective to the literature of both innovation and entrepreneurship. The paper contributes to the literature, combining concepts that were previously little explored, particularly in conjunction. Generally, both the promotion of innovations through the creation of new business ventures and the development of new customer-oriented health services are underexplored areas of research (e.g. Svendsen et al, 2011; Rehme & Svensson, 2011; Zhao, 2005a; Johnson, 2001). The review of the literature has shown that those issues have not been investigated at the same time, and, as was highlighted earlier, customers can contribute significantly to the development of new services, which

may boost business activity. As regards the Greek health market, it appears that no similar research has been conducted. Putting all these together, the conceptual framework incorporates these concepts and show their combination and evolution from a different perspective.

As regards Euromedica, it appears that it does not regard patients or mental health service users in particular, as capable of contributing to the service development process. It is argued that they can only be a factor in improving the hospitals' residential services. This illustrates their role in the process, giving an answer to the first research question. What is more, it becomes apparent that there is no culture and organisation that pays attention to their needs and integrates these into the service development process. There is neither flexibility for customisation nor adequate tools, processes and methods to track and respond to customer complaints that would trigger growth initiatives. For that reason, many noted that an organised effort on the part of the company would have superior results for patients. This is supported by the literature as a number of studies note that firms should make efforts and plans to appreciate customers' needs and accomplish those needs by developing specific services (e.g. Berthon *et al*, 2004). Other studies also recognise that customer-oriented businesses enhance customer satisfaction and deliver better service quality (e.g. Hartline *et al*, 2000). Therefore, health care organisations should focus on new approaches to achieving patient satisfaction, as these have increasing influence on the performance of the firm (Wood *et al*, 2000; Ford & Fottler, 2000).

Evidence also shows that Euromedica does not employ an official or formalised, but rather a simple and informal process for the development of new services. Successful new services, however, need a well-designed, carefully-coordinated process for their development (Edgett, 1994; Edvardsson *et al*, 1995). A service innovation process establishes a pathway for developing new services and refers to the parallel and sequential activities that must be adopted for the service to be produced (Smith *et al*, 2007; Edgett, 1994). It is clear in the literature that this enhances the likelihood of success and leads to high quality service innovation for organisations that adopt formal processes (Edgett, 1996).

Companies usually adopt formal development processes because they lead to new product success. Such processes consist of stages, pre-specified activities, and evaluation points that allow screening and analysis of ideas that may become profitable offerings (Cowell, 1988). A study by Slevin and Covin (1990) argue that firms need to attain an entrepreneurial behaviour that will be supported by the appropriate culture and organisational structure. Another study by Johnson (2001) adds that companies should build the appropriate structure and develop the culture across the organisation that will promote entrepreneurship and innovation and encourage employees to undertake the new business. However, findings revealed that Euromedica has not promoted such actions.

Many respondents highlighted that there are gaps regarding the participation of staff in the decision-making process and their cooperation with administration. Indeed, few were those who advocated that the firm has built a system where innovation flourishes without constraints. Most respondents believe that further actions should come about to upgrade the organisation's structure and attain better outcomes. It becomes apparent that Euromedica lacks a particular plan and a proper procedure to run its innovation activities and this might well hinder or obstruct the execution of its growth plans. Therefore, it should develop a strategic plan for the implementation of service innovation. It is evident that innovation strategy provides a clear direction for dealing with strategic issues - such as selecting the markets to enter and the skills to develop - and focuses the effort of the entire organisation on a common innovation goal (van der Panne *et al*, 2003; Oke, 2007). Euromedica should also focus on internal and external resources to expand its operations into new markets/sectors and explore business opportunities in order to improve its competitive positioning. All this evidence answers the second research question, highlighting that Euromedica does not do much to exploit service innovation in corporate venturing activities.

7. IMPLICATIONS FOR FUTURE RESEARCH

The conceptual framework suggested in this study is not without limitations. The first criticism relates to the adoption of customer orientation. Although the benefits of such a viewpoint have been discussed, this may also neglect the vital importance of maintaining a market orientation during the service development process. This is particularly true for the health care industry, where policy makers and suppliers, as well as internal customer service employees, often play a critical role in service delivery. Another area of criticism is that of the relationship between corporate venturing and customer orientation. Although both topics are discussed within this research, little is suggested concerning the

relationship between them, and this is therefore an area requiring further research. Additional areas in need of more extensive research include the ways stakeholders (patients, medical staff, etc) are able to influence the development of new health services, and how and to what extent customers benefit from the corporate venturing process.

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