Characteristics of growth management in healthcare business: applying and developing the stages of growth service framework

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Abstract: This study aims to clarify the context-specific characteristics of growth management in private healthcare business. The roles of healthcare professional and manager can be conflicting, and it is important to know what practical implications this has on healthcare business growth management. In this multiple case study, we use the growth management framework for general service businesses based on literature synthesis by Muhos et al. (2017) to identify the characteristics and underlying features of management in healthcare business. The data consist of 12 interviews among Finnish healthcare companies. As the main outcome, we present an adapted version of the stages of growth model for healthcare business and identify the contextual characteristics that are related to growth motivation and business competence of entrepreneurs, commitment and competence of employees, public sector relations, and regulation. Further, we adapt some of the original assumptions to better describe growth management in the context of healthcare service business including the conflicting roles of manager and healthcare professional, central of public sector and regulation, as well as growth motivation and business competence of entrepreneurs. These findings provide practical benefits for business owners as the framework assumptions can be used as a checklist when getting prepared for business growth.

Keywords: healthcare business; entrepreneurship; SMEs; growth management; stages of growth; context-specific characteristics; healthcare entrepreneurship; critical incidents; sequential incident technique; multiple case study.

Reference to this paper should be made as follows: Simunaniemi, A-M., Saarela, M. and Muhos, M. (2022) 'Characteristics of growth management in healthcare business: applying and developing the stages of growth service framework', *Int. J. Management and Enterprise Development*, Vol. 21, No. 1, pp.1–27.

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This paper is a revised and expanded version of a paper entitled ‘The early stages of growth in social and healthcare service business. an explorative study’ presented at The MakeLearn & TIIM 2017 International Conference in Lublin, Poland, 18 May 2017.

1 Introduction

Healthcare industry is the world’s largest service industry regarding economic resources, staff, and customers (Ahmadi et al., 2018; Nambisan, 2016; Wickramasinghe et al., 2005). Aging populations have caused remarkable increase in health-related spending in developed countries and healthcare business in general is growing globally (OECD, 2017). The healthcare industry is going through radical changes in terms of applying new technologies, new business models, complying with new reforms and regulations, and meeting the needs of an increasingly aging population (Nambisan, 2016). According to Monsen and Boss (2009), motivation to study healthcare companies comes from the unique market: the healthcare companies face contextual challenges for its growth, including the constant changes and complexity of market. Healthcare organisations must control their cost structure while delivering high quality care, education and research (Phillips and Garman, 2006). This applies also to private micro- and small-sized healthcare businesses. On the other hand, healthcare organisations in general tend to rely on tradition and following past practices (Ledlow et al., 2007), and managing change in

healthcare is not always forthright among existing practices, processes, and practitioners (VanVactor, 2012).

This study builds its motivation on the fact that the increasing size, growth, and complexity of the healthcare industry offer abundant opportunity for entrepreneurship (Monsen and Boss, 2009; Weinberger and Weeks, 2004), and many private, often rather small-scale healthcare businesses are founded by one or more practitioners (Vecchiarini and Mussolino, 2013). Healthcare industry is complex and highly competitive, but investigation of healthcare providers from the entrepreneurial perspective is scarce (Garbuio and Wilden, 2018; Monsen and Boss, 2009; Phillips and Garman, 2006; Vecchiarini and Mussolino, 2013). The earlier studies are mainly based on large healthcare organisations, where healthcare professionals may have part-time dual roles as managers. Healthcare professionals have strong professional identity whereas the roles of manager and employer may be competing and partly conflicting with the professional roles. The conflicting identities and roles must be combined full-time as healthcare entrepreneur. There is a gap in the literature on what happens when a healthcare professional starts a business and becomes entrepreneur and how is the entrepreneur's background reflected in the day-to-day managerial choices during business growth.

It has been shown in earlier studies that managers in healthcare organisations of any size struggle with their role as managers and leaders. Healthcare managers have tendency to perceive their original healthcare profession as more significant than their managerial roles, and they also tend to ground their decision making on that profession (Bolton, 2005; Lindholm et al., 1998). von Knorring et al. (2014) showed that healthcare managers frequently use the attributes of their profession (e.g., 'physician' or 'non-physician') instead of the managerial attributes to categorise themselves in their manager roles, and Scoresby (2019) claimed that an important motivator of entrepreneurship within the healthcare professions is a focus on a professional judgement without the constraints associated with administrative oversight. In addition, according to the review on impact of management on medical professionalism by Numerato et al. (2012), medical norms and ethics can cause hesitant attitude towards management, and conflicts between professional and management cultures. So far it has been repeatedly shown that the professional role is stronger than the managerial role among individuals in healthcare management positions, but there is a research gap on what practical implications on business growth management this has particularly in situations when the professional becomes entrepreneur.

As there is need of entrepreneurship research in healthcare (Garbuio and Wilden, 2018; Monsen and Boss, 2009; Phillips and Garman, 2006; Vecchiarini and Mussolino, 2013) and still a paucity of studies about the growth management in the healthcare business context (Saarela et al., 2018), we adopt the healthcare business as our experimental context. A better understanding of the unique healthcare context will help to advance entrepreneurship research in general (Garbuio and Wilden, 2018). The aim of this study is to clarify the context-specific characteristics of growth management in healthcare business.

RQ1 How the experiences of healthcare entrepreneurs relate to the assumptions of the early stages of service business growth derived from the literature?

2 Key concepts of growth management processes

Continuous change leads healthcare organisations to reconsider their management processes (VanVactor, 2012). Growth management is interested in how owner-manager manage business growth (Davidsson and Wiklund, 2006; Merz et al., 1994). There are several approaches to modelling growth of small businesses (Wach, 2020). This study is based on stages of growth approach (Muhos, 2015; Greiner, 1972; Churchill and Lewis, 1983), that is concerned about appearance and tackling of managerial problems during a firm's growth through presumed development stages or phases (Davidsson and Wiklund, 2006; Wach, 2020). The stages of growth approach is often called configuration (Hanks et al., 1994; Wiklund and Shepherd, 2005) or company's life-cycle perspective (Jawahar and McLaughlin, 2001; Ferreira et al., 2011); in this study, the term stages of growth is used. In the selected approach, the focus is on explaining the way in which firms adapt and what their approach is to growth in subsequent phases of the growth cycle, without attempting to explain the factors causing the growth of the firm (Wach, 2020).

It is critical to study how company manages its growth process (Gupta et al., 2013), but the related research is scattered and only limited number of studies have the process approach (e.g., Davidsson and Wiklund, 2006; Gancarczyk et al., 2021; Headd and Kirchhoff, 2009; Shim et al., 2000). There are numerous, general stages of growth models (see Levie and Lichtenstein, 2010; Phelps et al., 2007), but only vague understanding on the context-specific characteristics such as in healthcare business. As Jawahar and McLaughlin (2001) have pointed out, the diversity of companies and the complexity of growth phenomena cause that generic models cannot include all specific aspects of business growth. Hence, context-dependent models that work for at least certain types of firms are needed (Zupic and Giudici, 2018). In this study, we seek to identify the context-specific characteristics of growth management in healthcare business and adapt the existing general service business growth framework to the industry-specific context. This paper provides context-specific understanding about growth management that completes the descriptions provided by general growth models.

Service businesses are underrepresented in entrepreneurship studies (Monsen and Boss, 2009). Muhos et al. (2017) conducted an extensive literature review on empirically-based stages of growth models in service business (Empson, 2012; Greiner and Malernee, 2005; Masurel and Van Montfort, 2006; Shim et al., 2000; Teeter and Whelan-Berry, 2008; van Tonder and McMullan, 2010; Witmeur and Fayolle, 2011; Auzair, 2010; Ferreira et al., 2011). The synthesis forms a framework with four growth stages and nine horizontal management themes (see Table 1). The growth stages of the general service framework are:

1 start-up – growth through market exploration and commercialisation of service(s)

2 take-off – growth through market acceptance

3 resource maturity – growth through profitability and renewal

4 diversification – growth through diversification.

The framework is generalised synthesis of service business growth, but it does not highlight the context-specific characteristics. To identify the context-specific characteristics of growth management in healthcare business, we apply the framework as the reference framework in this study

Table 1 Growth framework for service business

	Stage 1: Start-up		*Stage 2: Growth/take-off*		*Stage 3: Resource maturity*		*Stage 4: Diversification*	
Focus	1.1	The focus is on development and delivery of services and building market identity in order to survive.	2.1	The focus is on growth management as market acceptance leads to rapid growth and constant change.	3.1	The focus is on efficiency by formalising rules, procedures and financial controls in a saturated market.	4.1	The focus is on new service generation, business areas and/or locations and on a uniform business culture.
Power	1.2	Decision making is owner-dependent as owner-manager(s) lead small group of employees.	2.2	Owner-manager(s) maintain control but delegate responsibilities to a small management team.	3.2	Original owner-manager(s) and the management team are supported by professional executives.	4.2	Owner-manager(s) are supported or replaced by professional leaders with corporate experience.
Structure	1.3	The structure is simple, informal and owner-centered.	2.3	The structure formalises gradually through task specialisation.	3.3	A formal structure with defined roles and responsibilities is introduced.	4.3	A sophisticated structure with formalised functions and processes is introduced.
Decision-making systems	1.4	Formal decision-making systems and procedures are almost non-existent.	2.4	The firm moves rapidly from basic decision-making systems to scalable systems compatible with growing business.	3.4	Enterprise strategies, rules and policies become written and supported by extensive operational systems.	4.4	Codified strategies, rules and policies are communicated by sophisticated analytical mechanisms.
Strategic management	1.5	Owner-manager(s) lack time for strategic planning.	2.5	Strategic planning is focused on maintaining continuous growth.	3.5	Strategic management is both formalised and supported by financial resources.	4.5	Strategy implementation is routine at corporate headquarters.
Service development and delivery	1.6	Development and delivery of innovative services are everyone's job.	2.6	The firm delivers and scales services efficiently to meet increasing market demand.	3.6	Fresh and continuous innovation methods are implemented to avoid stagnation.	4.6	Innovative culture enables implementing diversified service-market strategies.
Marketing	1.7	New businesses focus on attracting early customers.	2.7	Sectors, activities and client types increase rapidly.	3.7	New ideas are needed to maintain market position, expand and/or renew.	4.7	A uniform image is spread to diverse markets through sophisticated marketing.
Human resources	1.8	Everyone is involved in everything in a small start-up.	2.8	Hierarchy and decreased involvement coincide with fast-track career opportunities.	3.8	The firm takes an organisational approach to employee efficiency and effectiveness.	4.8	Standardised career tracks and training/hiring are used to build a uniform culture.
Financial management	1.9	Moves from challenges to meet cash demands to a cash flow that breaks even thanks to early customers.	2.9	Market acceptance leads to fast growth and positive cash flow; cash flow and/or debt is used to finance growth.	3.9	The growth of cash flow decreases in a highly competitive and saturated market.	4.9	Growth momentum is regained, and cash flow increases.

Source: Muhos et al. (2017)

3 Method and data

The goal of qualitative research is to develop concepts that enhance the understanding of phenomena in natural settings, with emphasis on the experiences and views of the participants (Neergaard and Ulhoi 2007). Thus study is based on a retrospective multiple-case design (Yin, 1989), where we test and apply the service business framework (Muhos et al., 2017) in the context of healthcare business in Finland. The process of refining the framework or theory consists of reviewing the internal consistency and gaps in logic between the theory and the entrepreneurs' experiences (Strauss and Corbin, 1998). The framework is applied as a reference framework for this study's deductive approach.

In data collection, we used critical incident technique (CIT) and semi-structured interviews. CIT is an exploratory tool to gain understanding of the context and actions of a subject that lead to success or failure as it can be used to identify those critical incidents (CIs) that lead to successful of unsuccessful performances (Chell, 2014). CIs are specific to their context, and they need to be understood and interpreted in relation to the conditions in which they happen (Cope and Watts, 2000). Whether all incidents have or have not been identified cannot be 'proved' because it relies on the recall of the interviewee (Chell, 2014). Not referring an assumption in the interview does not mean the assumption is irrelevant but more cases with different growth stories should be investigated. The CIT method is an appropriate when the research problem is multi-layered, the CIs cannot be anticipated by the researcher, and when the subject's perspective should predominate (Chell, 2014). In this paper, it was relevant to capture the real experiences and perceptions of healthcare entrepreneurs on managerial priorities during growth process.

The cases consist of enterprises with employees in Northern Finland. Case selection was purposive, focusing on recruiting a relevant group of owner-managers in small and mediums-sized companies with experience on growth. We used the national register for companies in healthcare business to identify potential interviewees. Of the total of 118 companies, twelve owner-managers with different healthcare services participated in semi-structured interviews. Self-employed persons without employees were excluded from the sample as well as new companies in start-up stage without experience on previous growth. We used a thematic interview frame focused on the stages of business growth. The interviewees identified their present stage of growth based on the framework, and they described past positive and negative CIs related to each growth stage. The CIs were also related to pre-determined management theme areas to get as nuanced understanding of growth management process as possible. The research process is presented in Figure 1.

The analysis started with qualitative deductive content analysis (Elo and Kyngäs, 2008) to identify the CIs related to each growth stage and their respective assumptions in the reference framework. A deductive approach is useful if the general aim was to test a previous theory in a different situation or to compare categories at different time periods. First, we carefully analysed each transcribed interview to identify all aspects that are parallel or contradictory, respectively to the framework's assumptions. We calculated the incidents of CIs to test the applicability of the framework to each case. In the second phase, the CIs contradictory to the original assumptions were analysed further to point out the context-specific characteristics for healthcare business. Finally, those aspects that the researchers considered as relevant factors for growth management but that could not

be placed directly to the existing framework, were labelled as the underlying growth management features of healthcare business.

Figure 1 The research process

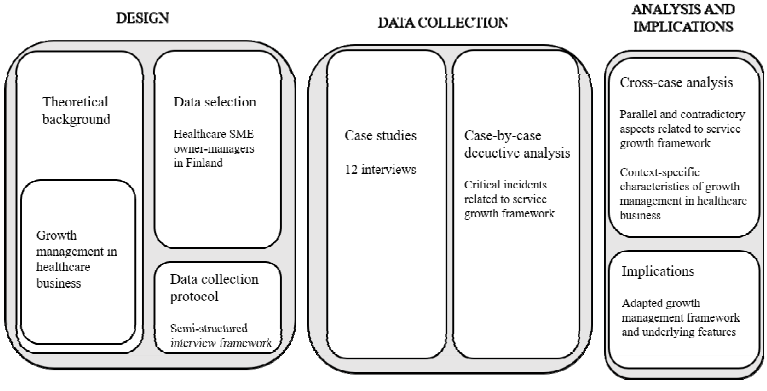


Table 2 Main characteristics of case companies

Case	*Main services*	*Years since established*	*Number of employees*	*Turnover (1,000 €)*	*Self-evaluated growth stage**
1	Home help services for the elderly and disabled	9	7	n/a	2
2	Physiotherapy	29	7	200	3
3	Physiotherapy	5	5	450	3
4	General medical services + physiotherapy	28	6	500	4
5	Residential services for mental health + home help services	10	16	900	3
6	Household cleaning + home help services + home nursing	12	63	900	3
7	Specialist medical practice activities	25	23	4,000	4
8	Residential care activities for young mental health patients	9	16	1,100	4
9	Child daycare	4	25	1,200	2
10	Residential care activities for the elderly	8	10	1,040	3
11	Child daycare	0,5	9	n/a	2
12	Residential care activities for mental health patients	5	10	1,000	2

Note: *according to the service growth framework.

In Finland, the healthcare systems operate through regional structures (Currie and Seddon, 2014), and the healthcare system is a highly decentralised, three-level, publicly funded system where municipalities manage provision of healthcare services (Saarela,

2020). The public sector has trial roles of administrator, financier and producer in the service chain. Most healthcare services are acquired through public procurements by municipalities, which pay most of the turnover. The proportion of private healthcare sector has been increasing in the 2000s, and 22 per cent of healthcare staff were employed at private companies in 2014 (National Institute for Health and Welfare, 2018). Recently, the number of personnel in the private sector has increased faster than in the public sector. Most enterprises in healthcare sector are microenterprises (Ministry of Economic Affairs and Employment of Finland, 2011–2012). In this study, all the enterprises either are or had been microenterprises within the last ten years (number employees ranging from five up to 63). None one of the entrepreneurs categorised their company as being currently in the start-up stage. One of companies was in the take-off stage, four in the resource maturity stage, and one in the diversification stage. Case descriptions and the self-evaluated growth stages are shown in Table 2.

Twelve entrepreneurs from companies in healthcare business were interviewed during in the period of 2015–2016. All the interviews were audio taped and transcribed. The interviews were processed in NVivo 10 data analysis software package. The citations presented in this article are extracts from the interviews.

4 Findings

4.1 Cross-case analysis: comparison to the service growth framework

CIs related to the growth framework assumptions were identified in the interviews. Table 2 shows the number of cases as well as the identified CIs that were parallel or contradictory to each assumption, respectively. As all twelve companies had experiences on the start-up and growth/take-off stages, the prevalence of CIs is highest in the first stages. Only three companies had reached the diversification stage. The number of CIs as such indicates the relative relevance of each assumption to the interviewees. All the assumptions of the framework do not emerge from the interviews. However, empty slots do not mean that the issue is not relevant for the case company, or that the assumption does not apply to cases. It means that utilised data do not include notes or comments concerning that assumption.

Altogether, 359 CIs were identified. Of these, 239 were parallel and 120 were contradictory to the assumptions of the framework. The interviewees referred most frequently to the assumptions related to focus and power, whereas strategic management was least often mentioned (Table 3). To find the characteristics of healthcare business in the Finnish context, the CIs that are contradictory to the assumptions in the general growth framework are taken a closer look in the next chapter. As seen in Table 3, there are several contradictory remarks that apply to individual cases, but they are not generalisable to the business context. To save the space, we only discuss those contradictory assumptions where several of the case companies reported similar contradictory incidents and that could motivate context-specific adaptation of the original framework (see Table 5).

Table 3 Critical incidents related to the framework assumptions

Management theme	*Stage 1: Start-up (n = 12)*			*Stage 2: Growth/take-off (n = 12)*			*Stage 3: Resource maturity (n = 9)*			*Stage 4: Diversification (n = 3)*		
		Pa	*Cb*		*P*	*C*		*P*	*C*		*P*	*C*
Focus	*1.1*	7(14)	0	*2.1*	7(13)	4(10)	*3.1*	6(24)	1(1)	*4.1*	1(1)	2(5)
Power	*1.2*	6(12)	0	*2.2*	6(23)	5(7)	*3.2*	1(6)	7(16)	*4.2*	1(1)	2(4)
Structure	*1.3*	11(22)	3(7)	*2.3*	11(36)	2(2)	*3.3*	6(30)	1(1)	*4.3*	2(4)	1(1)
Decision-making systems	*1.4*	2(9)	1(1)	*2.4*	2(4)	0	*3.4*	5(8)	4(12)	*4.4*	1(2)	0
Strategic management	*1.5*	5(7)	3(4)	*2.5*	6(8)	1(1)	*3.5*	3(9)	3(5)	*4.5*	0	0
Service development and delivery	*1.6*	3(3)	1(1)	*2.6*	5(15)	0	*3.6*	4(5)	2(5)	*4.6*	0	0
Marketing	*1.7*	7(15)	8(25)	*2.7*	8(26)	3(4)	*3.7*	5(15)	2(2)	*4.7*	0	1(3)
Human resources	*1.8*	2(4)	4(7)	*2.8*	3(5)	6(13)	*3.8*	2(2)	1(1)	*4.8*	0	0
Growth	*1.9*	5(7)	3(4)	*2.9*	6(8)	7(25)	*3.9*	2(3)	5(5)	*4.9*	1(2)	2(3)

Note: [a]Number of companies with parallel CIs; bnumber of companies with contradictory CIs; (number of CIs).

4.2 Context-specific characteristics

4.2.1 Contradictions in the start-up (stage 1)

In the start-up stage, there were repetitive contradictions related to the management themes structure (see Assumption 1.3 in Table 1), marketing (1.5) and human resources (1.8).

Three cases stated contradictions to the assumption that the structure is simple, informal and owner-centric. Instead, the structure was formal, and the responsibilities were clear from the start because the legislation and regulation set requirement for staff qualification and staff dimensioning.

> "We have clearly defined our organization, structure, tasks and responsibilities right from the start in the whole organization. Employees are trained for their responsibility areas." (Case 5)

> "Our staff structure is this and it cannot be anything else." (Case 7)

Contrary to the assumption that marketing in new businesses focus on attracting early customers, most customers in the Finnish healthcare context are directed to service providers through the public health system that is also the payer of the service. Because of the public sector centric system, marketing in small healthcare businesses is often not strategic. If company received positive reputation among end customers and the public actors, marketing was not planned and it was not even needed. This means that the marketing actions are directed to the payer (public sector) instead of the end-user.

> "From the marketing perspective, it is fact, that to be effective it must be targeted at the paying public sector actor, not the real end-user." (Case 9)

> "It was positive that new services were proposed to us." (Case 2)

> "Our daycare 'seats' are paid through service vouchers paid by the town." (Case 7)

On one hand, this releases resources to service delivery, but it also means that the business and its growth potential is heavily controlled the public sector, i.e., typically municipality. Opening a new service unit is not prohibited legally, but in practice, the commitment of the payer is needed. Customers apply for the service, e.g., daycare place, through the municipality, from where the customers are directed to the unit.

> "We did not need to attract customers. When we opened, we already had booked our capacity." (Case 10)

> "Our reputation was spread in the public social care sector, and they got encouragement to send customers to us." (Case 9)

In start-up service businesses generally, it is assumed that everyone is involved in everything. However, the findings show that in healthcare companies, tasks are strictly based on professional qualification. Tasks and responsibilities of each were clearly defined from the start. Regulations and qualifications in healthcare cause that a certain education is required for a certain position, which causes that not everyone can do everything.

> "Our tasks are based on education, everyone is not doing everything". (Case 7)

> "Right from the inception, every employee has had their responsibility areas, of which they are responsible for alone or with help from the entrepreneurs [employer]." (Case 5)

> "We had clear diversification of who does what from the start." (Case 9)

4.2.2 Contradictions in the growth/take-off (stage 2)

In the growth/take-off stage, there were repetitive contradictions related to the management themes focus (2.1), power (2.2), human resources (2.8) and growth (2.9).

Contrary to the assumption that the focus is on growth management as market acceptance leads to rapid growth and constant change, the focus of the case companies was in everyday service delivery. The growth was uncontrolled and partly unplanned. Some interviewees acknowledged that as new entrepreneurs they did not have competence nor interest towards strategic growth management.

> "That period was very scattered, we were involved in so many things." (Case 2)

> "The growth has been stable and moderate, the same model all the time." (Case 11)

Unlike in the assumption, many owner-managers maintained control without delegating responsibilities to a small management team. Company power remained owner centric.

> "It is easy as I take the decisions. We have monthly meetings where I represent my ideas and they are normally accepted as such." (Case 1)

The third repetitive contradiction was related to the assumption that hierarchy and decreased involvement coincide with fast-track career opportunities. In healthcare, professional requirements are primary factors for the work positions the worker can access. In the start-up stage this meant that everyone could not be involved in everything and in the second stage, this leads to limited career opportunities if further professional training is not acquired.

> "Practically, there are not any career development possibilities, it is based on your profession, and one cannot proceed without further education." (Case 10)

> "Employee could not get promotion. Every one of them was hired for the task they had education for, and they stay there, they did not have any chances to proceed." (Case 2)

More than half of the cases stated contradictions to the growth theme. The assumption was that market acceptance lead to fast growth and positive cash flow. However, in the case companies, the growth was limited due to the central role of public sector which as the payer controls how many customers and when are directed to each private service provider. The strong control of the public sector limited growth possibilities and sudden changes in service demand. It was a repetitive pattern that instead of rapid growth the business could develop steadily, or growth was fluctuating. On the other hand, slowness of political decision-making could also lead some businesses to an on-hold position where strategic changes were postponed.

> "We are in a waiting position because of the upcoming healthcare renewal. We try to maintain this as it is, and we do not have any growth pressure." (Case 9)

4.2.3 Contradictions in the resource maturity (stage 3)

In the resource maturity stage, there were repetitive contradictions related to the management themes power (3.2), decision-making systems (3.4), strategic management (3.5) and growth (3.9).

Contrary to the assumption that owner-manager and the management team are supported by professional executives, professional managers were not used in the case companies. In some cases, external experts and consultants could be used instead. The owners wanted to stay in touch with the everyday services and they were not comfortable with the idea of a hired manager taking a managerial position in their company.

> "It feels strange to think as owner-manager that there would be another manager than me." (Case 2)

> "We have a principle that we want to do day-to-day patient care, to see the everyday practice. We want to be involved all the time." (Case 5)

The findings also indicate that the assumptions related to decision-making systems and strategic management do not apply to the healthcare context. Based on the interviews, healthcare companies may have written a strategy document and have basic operational systems, but extensive operational systems are not widely adopted nor supported by financial resources. All case companies do not even have a written strategy, and their strategic management practices are not formalised. Specific financial resources are not allocated for strategic management, but it conducted as part of owner-manager(s) general managerial tasks.

The growth theme assumption referred to decreasing growth of cash flow in a saturated market. The interviewees disagreed as end-customer needs for healthcare services are not saturated because of general demographic changes, such as population aging.

> "The markets may not be saturated in this industry." (Case 4)

In the Finnish context, public sector regulates, controls and to a large extent also finances all healthcare services. Public sector as the financer sets limits for market size and growth potential of publicly funded services. However, private enterprises have growth potential because of stepwise/slow transition from publicly produced services towards the private market. Growth in individual companies can be gained through diversification of service sectors and new geographical regions. At the time of the data collection, the companies were expecting decisions on the nation-wide social and healthcare reform that was expected to open new possibilities for private service providers.

> "There is growth potential in the home service sector." (Case 5)

4.2.4 Contradictions in diversification (stage 4)

In the diversification stage, there were repetitive contradictions related to the management themes focus (4.1), power (4.2) and growth (4.9).

Unlike in the assumption, the focus of case companies was not on new service generation and innovations or creating a uniform business culture, but on keeping up the current level. The company life-cycle is strongly connected to the individual working career of the owner-manager and shutting down the business parallel to

owner-manager(s)' retirement was perceived as a more preferable than selling the business to a successor.

> "We do not have so much enthusiasm anymore. If our [owner-managers'] age structure was different we might have higher growth ambitions." (Case 4)

Another reason for not focusing on new services and innovations was focus on sales strategy. The market was getting more centralised by multi-national companies in many healthcare service sectors. At time of interviews, small healthcare companies frequently got buy-out offers from large companies. Those managers who were interested in selling, focuses on sales strategy rather than developing new services or expansion.

> "We will soon put the company for sale, only to become part of a larger organization, and to give our employees confidence that this business can continue." (Case 11)

Still in the fourth stage, there were not necessarily notable changes in the power structure of the case companies. Owner-manager(s) still wanted to maintain power and the management team could consist of key staff, family members, or external business advisors. Professional leaders were not hired.

> "I have worked with the title of physician and my wife has been CEO. It does not matter what the title is. In practice, it's been me who has made the decisions." (Case 11)

In line with the abovementioned, the findings are contradictory to the assumption on growing cash flow, because companies do not necessarily pursue for growth and cash flow remains stable. Lack of qualified employees or saturation of the controlled market share prevent further growth in companies that do not actively generate new services or pursue to new geographical areas.

4.3 Underlying growth management features of healthcare business

CIT revealed issues that could not be positioned into the framework, but they were essential to growth management in healthcare business. We identified five underlying features:

4.3.1 Public sector relations

Companies position themselves in the public-driven healthcare system. An important – and for many companies crucial – partner is the public sector. Entrepreneurs perceive the public sector has a dominating role, because public sector defines whether they/it produce services themselves or are they purchased from private companies and from which service provides they are purchased. Cutting down some publicly produced healthcare services has led to increasing demands on private sector. Companies providing at-home services have noticed that the elderly who stay at home longer need more services than the public services cover:

> "These changes in the municipalities… So, because of saving up, one cannot get much help from there, and people need help to survive at home. People need to survive at home, because of limited access to institutional care." (Case 1)

As the end-user does not pay for the service, the choice of the care unit is made by the paying public sector. Public sector is responsible and creates the market…

> "Although we would not officially or legally need any permit to expand our service provision, but because the service vouchers are funded by the municipality, they decide which part of the services can be privately produced. Although we had more market demand, we cannot grow unlimited because the basic services are provided by the municipality and the private sector has a defined maximum proportion." (Case 10)

4.3.2 Marketing is public-sector oriented

The public sector narrows down the customer segment; the public sector actors are few, but they have a central role. This leads to dependence on one or few major paying customers. Political changes influence business development and set the limits for growth. This also causes market fluctuation.

> "They dictate from top-down that you should do this and you should not do that, or they decide something in some municipality board. We only get to know the decision." (Case 10)

Many entrepreneurs were unsatisfied with the current praxis where the freedom of choice is rather ostensible. Bureaucracy and long processing times slow down making new openings and some companies have made a strategic choice to develop services directly for the private markets:

> "With a service voucher, many people would like to come and live here, but they are not offered care at a private service provider but they, so to say, must go somewhere else to be taken care of." (Case 5)

4.3.3 Regulation

Healthcare services are heavily regulated. This sets boundaries for service provision and growth opportunities. This means requirements for reporting and operational systems that are used by management and staff. Regulation is perceived as bureaucratic reporting requirements that take off resources from core operations.

> "Of course, it is good that there is surveillance and legislation, but excessive bureaucracy it too much, I think." (Case 4)

4.3.4 Entrepreneur's motivation and competence

Stages of growth theory assumes that organisations aim for continuous growth, but it does not take into account that the level of growth motivation varies between individual entrepreneurs. If motivation is missing, the proposed assumptions may not apply. Instead of growth orientation, the focus is on providing services to help humans.

> "I am entrepreneur from the bottom of my heart. I really want to help. The primary goal is not money, and I work hard because I want to do this job. I want to provide good and high-quality healthcare." (Case 1)

Based on this data, growth motivation is not obvious in all companies. On the contrary, the owner-managers with healthcare profession wanted to remain involved in everything from the care tasks to administrative tasks:

> "I did not even have any days off, to be honest." (Case 12)

> "Own passion to do this work as well as I can, and I want to share this viewpoint to my employees." (Case 5)

Traditionally, healthcare professionals are educated to become professionals and public sector employees. Entrepreneurship and private healthcare in general have been exception. This is closely related/leads to lack of business growth motivation. This applies particularly for persons who got educated years ago.

> "We did not have any entrepreneurial education at any point." (Case 11)

> "I did not have managerial competence." (Case 10)

Entrepreneurs take their role as employer very personally, which prevents risk-taking. Lack of business competence leads to insecurity towards potential changes in business environment.

> "When we did not have experience or business education, it was very rough." (Case 2)

One could speculate that business-oriented individuals may not apply for healthcare education, but they choose another career path.

> "We are not financial professionals… We would have attended business school if that's we wanted. In our [healthcare] business it is a bit like that to play with money. You must think about it but it is not the most pleasing option." (Case 2)

4.3.5 Employee commitment and motivation

Characteristics of healthcare service are that the staff works physically very close to the customer, and high confidentiality… Customer trust is a necessity.

> "I think committed staff is one of the key issues." (Case 4)

In service business, HR issues are particularly important because the employee is the direct link between the company and customer. HS issues are a prerequisite for high-quality service and business development.

> "We have had great staff all the time. Their attitude and commitment are extremely important, because it is our message outwards." (Case 9)

> "It is nice the staff is so committed, they are not only working here." (Case 7)

> "Employee is important for the service that the customer gets; the service is personalized with the individual and it depends on the personality of the employee. If the customers are satisfied, they will happily return." (Case 4)

A crucial role of dedicated and professional employees was mentioned in several interviews. In the healthcare sector, services are very personal and/or provided at client's home, which sets high demands on building trust between the client and the service provider. Getting a trained employee to focus purely on healthcare tasks was easier than recruiting for a position also including other home service tasks. Lack of committed and qualified staff becomes bottleneck for growth:

> "The only problem is that we do not find good employees." (Case 1)

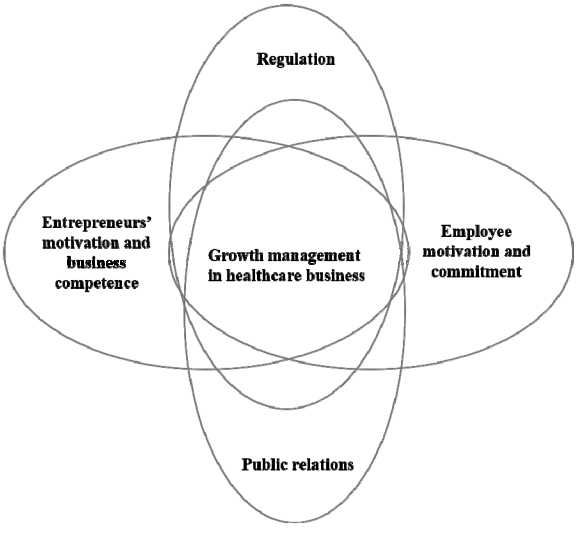
Which is a bottleneck for growth:

> "We cannot take more customers." (Case 1)
>
> "I don't see here anything else than getting a worker and the work to meet. Now we would have work, but there is no worker." (Case 1)

5 Discussion

This research contributes to the domains of stages of growth literature and healthcare entrepreneurship by clarifying the context-specific characteristics of growth management in healthcare business. To answer research question (how the experiences of healthcare entrepreneurs relate to the assumptions in the general stages-of-growth service framework?), deductive analysis was applied to identify context-specific features and adapt the general service-business growth framework.

Figure 2 Underlying features of growth management in healthcare business



Based on Finnish healthcare entrepreneurs' interviews and their comparison to the general service-business framework (Muhos et al., 2017), we identified repetitive contradictions related to all management themes except service development and delivery. Three to four deviations were identified separately for each business growth stage. Totally, the interviewees' experiences deviated from fourteen original assumptions in the general service business framework (Table 4). Moreover, we identified four underlying growth management features that are reflected in growth management of healthcare business at least in the Finnish healthcare context: public relations, regulation, entrepreneurs' motivation and business competence, and employee commitment/ motivation. The underlying management features create deviations from the original service framework, and they should be considered in growth management of healthcare business. Below, we introduce the re-phrased assumptions and reflect them as well as the identified underlying features with earlier research findings.

Table 4 Major repetitive contradictions from the general service business framework and underlying growth management features

	Start-up stage	*Growth/take-off*	*Resource maturity*	*Diversification*
Managerial themes	1.3 Structure	2.1 Focus of operations	3.2 Power	4.1 Focus
	1.7 Marketing	2.2 Power	3.4 Decision-making systems	4.2 Power
	1.8 HR	2.8 HR	3.5 Strategic management	4.9 Financial management
		2.9 Financial management	3.9 Financial management	
Underlying growth management features	*Public sector relations:* Public sector creates and controls the healthcare market.			
	Regulation: Healthcare services are heavily regulated, which sets boundaries for service provision and growth potential. Mandatory requirements for reporting and operational systems.			
	Entrepreneur's motivation and competence: Entrepreneurs are professionally oriented rather than managerially oriented, which is related to growth motivation.			
	Employee commitment and motivation: Healthcare services are provided mainly physically face-to-face with customers. This highlights the need for competent, committed and motivated employees.			

Four underlying features are reflected in day-to-day growth management of healthcare business (Figure 2). Two of the most central context-specific underlying features are the central role of public sector through both *public relations* as well as *regulation*. Private healthcare companies are closely associated with their juridical environments, and all healthcare related industries from more care-centric business to technology-based e-health start-ups (Saarela et al., 2017) must cope with the heavy regulations. The legal-related challenges considering businesses vary widely from one country to another (Gupta et al., 2013; Storey, 2008). Böhm et al. (2013) classified healthcare systems distinguishing three dimensions: regulation, financing, and service provision, and three types of actors: state, societal, and private actors. Finland is a national health service country, where public sector creates and controls the Finnish healthcare market, as it regulates, controls, finances and to a large part also produces healthcare services. Private businesses are complementary service providers that provide buffer when the demand is high or where the public sector does not have own service provision. This creates implications in practical growth management as public relations become crucial.

In contrast to industries in which entrepreneurship has received greater attention, the bulk of the revenues derived from the economic activity of healthcare organisations are obtained primarily from third parties (e.g., insurance companies and government), rather than from those receiving the services (Phillips and Garman, 2006). According to Kirsch (2002, p.109), it is hard to grow in healthcare business because of the governments' role in financing and policy, the central role of medical doctors in decision making, missing incentives for reformations, and focal challenges in business, e.g., lack of paying customers. In the present context, this means marketing is directed to the payer instead of end-users and growth is limited due to set maximum limits for customer places in daycare, elderly care and other services. The private business managers perceive that it is

of primary importance to have good personal relationship with the officials in the local healthcare administration.

Another identified underlying management feature is *entrepreneur's motivation and business competence*. When comparing the interviewees' experiences to the general service framework, only the assumptions related to the management theme service development and delivery were not adapted. This is in line with the pre-understanding that healthcare entrepreneurs are professionally oriented rather than business growth oriented: entrepreneurs' managerial focus is on care-taking their customers rather than on growth ambitions. The study of Delmar and Wiklund (2008) on small Swedish firms suggested an impact of motivation on employment growth, and a recent study by Gancarczyk et al. (2021) pointed out that SME owner-managers' judgments about growth motives and rationales constrain their choices and how they enable new directions. In the present empirical data, the opposing roles of healthcare professional and entrepreneur (Numerato et al., 2012; von Knorring et al., 2014) were clearly apparent in most interviews, and it had impact on the managerial role the healthcare professional was willing to take as entrepreneur. The strong healthcare professional identity confirms to the conclusion of Moseley (2018) that small healthcare companies that are content with the present level of income often see no need to growth. Moseley (2018, pp.156–157) stated that the lack of ambition is acceptable if the external environment is not changing and there is no vigorous competition. However, the business context of the present case companies was in the middle of a national healthcare system renewal and the entrepreneurs were expected to take an active position towards the future changes.

The fourth underlying management feature is the importance of *employee motivation and commitment*. Healthcare services are often intimate and occur in close physical contact with the customers. As healthcare industry is a labour-intensive service business (Holopainen et al., 2019), the employees are the company's faces to the customer and a lot of the company reputation is based on how the customer perceives the service. The data was collected in small municipalities in Northern Finland, where availability of qualified and motivated employees could create a bottleneck for business growth. Moreover, healthcare professions are strictly regulated, and only trained staff can perform certain tasks.

The assumptions on management *focus* are adapted in the growth/take-off and diversification stages. The market is limited, and the companies focus on keeping their current positions with moderate growth. As mentioned earlier, the market is strongly controlled and regulated by the public sector and it is difficult to grow in healthcare business because of the governments' role in financing and policy [Kirsch, (2002), p.109], which is reflected in the focus theme. Instead of rapid growth and constant change, in the new growth-stage assumption the focus is on maintenance of services as market demands lead to moderate growth. In diversification stage, the new assumption focuses on keeping the current market position or planning exit strategy instead of new service generation, new business areas or creation of a uniform business culture. Re-phrased assumptions for this context are:

Re-phrased Assumption 2.1: The focus is on maintenance of services as market demands lead to moderate growth.

Re-phrased Assumption 4.1: The focus is on keeping the current market position or planning exit strategy.

Power-related assumptions were adapted in all but the start-up stage. The central finding was that the owner-managers prefer keeping the power and decision-making control in their own hands. Sharing responsibilities to management team, not to mention hired managers, was not necessarily adapted even in the most advanced growth stages. This is surprising knowing that both previous literature and the present data indicate that the managerial role is unpleasant (e.g., Scoresby, 2019) but healthcare entrepreneurs still do not want to delegate and share administrative tasks and power.

New Assumption 2.2: Owner-manager(s) maintain control and may delegate responsibilities sparsely to trusted workers.

New Assumption 3.2: Original owner-manager may be supported by the management team or board but not by professional executive(s).

New Assumption 4.2: Owner-manager(s) maintain power, and they are supported by a small management team.

Structure was formal, and the responsibilities were clear from the start because the legislation and regulation set requirement for staff qualification and staff dimensioning. The central role of regulation in healthcare business is generally acknowledged (see e.g., Hird et al., 2016). The structure cannot fully informal and work roles must be based on healthcare professions, which sets boundaries for the structure.

Re-phrased Assumption 1.3: Structure is owner-centred and based on regulations and professional qualifications.

5.1 Decision-making systems

As in healthcare business the management is typically not business-oriented, the managers focus on service delivery, and decision-making is not structured. This is in line with previous literature that has shown that there are often few, if any, comprehensive management control systems or there is lack of systematic performance management in even fairly large SMEs (Holopainen et al., 2019).

New Assumption 3.4: Enterprise strategies, rules and policies may be written. Extensive operational systems are unlikely adopted.

5.2 Strategic management

Although business performance is positively associated with the use of written budgets in small healthcare businesses (King et al., 2010), it came up in several interviews that budgeting and allocation of financial resources in general was among those tasks that the healthcare entrepreneurs preferred not to do, and strategic management was based on more ad-hoc type reactive actions. During the data collection, the Finnish healthcare business context was in changes due to the government-driven but prolonged healthcare and social welfare reform which was to be one of the biggest ever administrative and

operational overhauls in Finland. The structure of healthcare and social welfare services would be reformed, but while waiting for the decisions, the entrepreneurs were unsure about how to develop their business. Some companies focused on maintaining high quality in services whereas others found it better not start up anything new before the reform.

New Assumption 3.5: Strategic management is partly formalised and conducted by owner-manager(s), but it is not allocated specific financial resources.

From the *marketing* point of view, healthcare businesses and their growth potential are heavily controlled by the public sector, i.e., typically the local municipality. According to Phillips and Garman (2006, p.476), the healthcare industry in general is fragmented and complex, with most organisations having a relatively narrow mission, depending on other organisations for support, and behaving in a complementary rather than competitive stance with others with similar missions. The present findings confirm this view as based on the present findings, it is typical for the Finnish healthcare businesses that their role is more to fill the gaps the public sector service provision cannot fill, and the main target of potential, often little strategic marketing is aimed at the public sector administration.

New Assumption 1.7: Companies focus on attracting customers or the service payer (public actor).

From *HR* perspective, the professional duties are strictly controlled in healthcare, and only authorised persons are authorised to perform certain tasks. This confirms that there are traditional boundaries of work roles in healthcare (Desombre et al., 2006). Thus, not everyone can be responsible for everything, even in a small company, and career opportunities are limited without further education.

New HR Assumption 1.8: Tasks are mainly based on professional qualification.

New HR Assumption 2.8: Regardless of hierarchy, professional qualification requirements limit fast-track career opportunities.

To describe the content of the management theme more adequately, we chose to re-label the last theme as *financial management* instead of growth (Saarela, 2020). As repeatedly mentioned above, the public sector control to market is reflected in growth speed and potential of cash flow. Private sector har complementary role which limits growth potential (World Health Organization, 2019). The share of public funding of healthcare expenses was as high as 75% in 2017 (Ministry of Economic Affairs and Employment, 2020).

New Assumption 2.9: Growth is dependent on public sector regulation.

New Assumption 3.9: The growth of cash flow decreases in the market controlled by public sector.

New Assumption 4.9: Cash flow is stable, but growth is influenced by growth desire, resources, or regulated market control.

Table 5 Adapted growth framework for healthcare business

Growth management theme	*Stage 1: Start-up*		*Stage 2: Growth/take-off*		*Stage 3: Resource maturity*		*Stage 4: Diversification*	
Focus	1.1	The focus is on development and delivery of services and building market identity in order to survive.	*NEW 2.1*	*The focus is on maintenance of services as market demands lead to moderate growth.*	3.1	The focus is on efficiency by formalising rules, procedures and financial controls in a saturated market.	*NEW 4.1*	*The focus is on keeping the current market position or planning exit strategy.*
Power	1.2	Decision making is owner-dependent as owner-manager(s) lead small group of employees.	*NEW 2.2*	*Owner-manager(s) maintain control and may delegate responsibilities sparsely to trusted workers.*	*NEW 3.2*	*Original owner-manager may be supported by the management team or board but not by professional executive(s).*	*NEW 4.2*	*Owner-manager(s) maintain power, and they are supported by a small management team.*
Structure	*NEW 1.3*	*Structure is owner-centric and based on regulations and professional qualifications.*	2.3	The structure formalises gradually through task specialisation.	3.3	A formal structure with defined roles and responsibilities is introduced.	4.3	A sophisticated structure with formalised functions and processes is introduced.
Decision-making systems	1.4	Formal decision-making systems and procedures are almost non-existent.	2.4	The firm moves rapidly from basic decision-making systems to scalable systems compatible with growing business.	*NEW 3.4*	*Enterprise strategies, rules and policies may be written. Extensive operational systems are unlikely adopted.*	4.4	Codified strategies, rules and policies are communicated by sophisticated analytical mechanisms.
Strategic management	1.5	Owner-manager(s) lack time for strategic planning.	2.5	Strategic planning is focused on maintaining continuous growth.	*NEW 3.5*	*Strategic management is partly formalised and conducted by owner-manager(s), but it is not allocated specific financial resources.*	4.5	Strategy implementation is routine at corporate headquarters.
Service development and delivery	1.6	Development and delivery of innovative services are everyone's job.	2.6	The firm delivers and scales services efficiently to meet increasing market demand.	3.6	Fresh and continuous innovation methods are implemented to avoid stagnation.	4.6	Innovative culture enables implementing diversified service-market strategies.
Marketing	*NEW 1.7*	*Companies focus on attracting customers or the service payer (public actor).*	2.7	Sectors, activities and client types increase rapidly.	3.7	New ideas are needed to maintain market position, expand and/or renew.	4.7	A uniform image is spread to diverse markets through sophisticated marketing.
Human resources	*NEW 1.8*	*Tasks are mainly based on professional qualification.*	*NEW 2.8*	*Regardless of hierarchy, professional qualification requirements limit fast-tracks career opportunities.*	3.8	The firm takes an organisational approach to employee efficiency and effectiveness.	4.8	Standardised career tracks and training/hiring are used to build a uniform culture.
Financial management	1.9	Moves from challenges to meet cash demands to a cash flow that breaks even thanks to early customers.	*NEW 2.9*	*Growth is dependent on public sector regulation*	*NEW 3.9*	*The growth of cash flow decreases in the market controlled by public sector.*	*NEW 4.9*	*Cash flow is stable, but growth is influenced by growth desire, resources, or regulated market control.*

5.3 Summary of the findings

As the main outcome of the findings, we propose modification of the assumptions and created the adapted growth management framework for healthcare business. The adapted framework is shown in Table 5. The adapted framework reflects upon the experiences of healthcare managers when the identified context-specific adaptations and underlying management features are considered. The framework is suited as a theory- and empirically-based guide for managers for predicting the growth stages and related managerial choices in healthcare companies.

5.4 Methodological discussion

Entrepreneurship research is contextual, and it should focus on the entrepreneurial actions paying attention to the events and challenges they face and the way they tackle them. Qualitative entrepreneurship research in general gives voice to entrepreneurial stories and help understand cases in their contextual settings (Neergaard, 2007). The design of present has respect to these viewpoints.

In multiple-case studies like the present paper, the aim is not reach statistical generalisability, but generalisation relies on analytic generalisation in which the researcher strives to generalise results from individual cases to build or verify a theory. In the present study, the number and variety of the case companies provides a nuanced insight on the typical CIs and industry-specific characteristics of healthcare business – but it does not comment on their frequency or relative significance in terms of general representativeness. However, there are some potential limitations that must be considered when interpreting the findings. The interviews are retrospective. Thus, the researcher must acknowledge the potential problems of recall. In conducting the CIT interview, an added difficulty is to verify that either all or all relevant CIs have been identified. They may have neglected topics that they are unfamiliar with or which they do not regard as important (for example, formalising strategic management or innovations). Lack of parallel or contradictory recalls does not mean that they would not exist. This leads to a question of whether the researcher needs to capture all incidents and whether the 'relevance' is viewed to be from the respondent's perspective. In the present study, the purpose is not to find a universal, objective truth but to capture and analyse experiences and managerial actions that entrepreneurs themselves perceive as critical for their business growth. While each entrepreneur and company has met unique experiences, the general type of incident, the context, strategy, and outcomes may in general terms be apparent in other businesses. CIT can be said to enable the development of case-based theory grounded in actual and critical events that shape future actions (Chell, 2014). The analysis of CIs, together with their elaboration and discussion, helps produce an empirically-based and more nuanced description of what CIs and underlying features are characteristics to the management of healthcare business based on the Finnish context.

In this study, the present growth stage was determined as the stage where the company assessed them to be at the interview time point. The interviewees self-determined the timepoints when the stage transits occurred in their company. Individual's understanding of the framework stages may differ between the interviewees and in relation to the researcher's view. There can also be several parallel processes in the organisation related to different services.

6 Implications for research and practice

The present study adds new insights on the process perspective on growth management. The original service-based growth framework serves as a start point for testing and developing applied versions for other contexts as well [see e.g., digital health services in California by Muhos et al. (2019)]. This study adds to the previous literature with suggestions for assumptions that are applicable in the context of healthcare business. In addition, the present results including the applied framework could serve as practical tool in public business advisory services. Furthermore, the results are interesting to the public sector administrators who have an essential role in coordinating, financing and producing healthcare services.

The framework is based on configuration (stages of growth) perspective. However, as some examples of this study show, the business is not always started from the start-up stage but, for instance if the entrepreneur buys an existing company. There could also be several parallel growth processes in the organisation for different services. For future research, it would be an interesting research topic to investigate closer at companies with different growth histories to understand why some healthcare companies are able to grow faster than the others.

This study provides practical implications for management of healthcare business and education of healthcare professionals. The assumptions presented both in the original and our adapted framework represent the characteristic situation in each growth stage. These are not to be regarded as ideal or recommended managerial choices but more as examples of potential events and challenges that each healthcare business owner should preferably be aware of and prepared for when planning to grow one's own business. Our recommendation is that the entrepreneurs analyse their current growth stage and familiarise themselves with typical managerial challenges that could occur in upcoming stages. The framework assumptions can be used as a check-list for potential pitfalls or challenges that typically occur in a certain growth stage related to each management priority area.

7 Conclusions

The present study aimed to gain context-specific knowledge on characteristic managerial challenges in the context of healthcare business in different stages of business growth. This paper provides the adapted growth management framework with context-specific assumptions for healthcare business based on the Finnish data. The major changes were related to the underlying features that are reflected in managerial themes. Typically, the framework adaptations were reflections on the conflicting roles of healthcare professionals and managers, public sector control, regulation of healthcare business, as well as growth motivation and business competence of entrepreneurs. Based on the findings, there is a need to address the strengthening the managerial role of healthcare professionals who become entrepreneurs. Similar findings from other healthcare organisations (e.g., von Knorring et al., 2014) suggest that ambiguity in managerial and healthcare professional roles may impair the working conditions of the staff (i.e., managers, physicians, and other healthcare professionals), as well as the quality of the services, not to mention growth and financial management of small healthcare

businesses. Healthcare managers must possess adequate management competence to meet the demands of the complex healthcare environment (Stefl, 2008). This indicates that business and entrepreneurship must be tightly integrated in healthcare education, and entrepreneurs need training in taking active role as managers and employees as well as integrating these roles with the identity of healthcare professional.

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