



Shaping innovation in health care: A content analysis of innovation policies in the English NHS, 1948–2015



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ARTICLE INFO

Article history:

Received 16 March 2017
Received in revised form
28 August 2017
Accepted 20 September 2017
Available online 22 September 2017

Keywords:

Innovation
Innovation policy
Health care
National health service

ABSTRACT

Governments around the world seek to design policies that enhance the innovative capacity of public service. Hence, identifying the underlying meanings attributed to innovation concepts in public policies is critical, as these very understandings inform not only the policy discourses, but also the overall institutional landscape regulating innovation activities. This paper examines such fundamental definitional aspects in the specific context of the National Health Service in England. For this purpose, it traces the evolution of the innovation concept in policy discourse based on the analysis of 21 key policy documents published or commissioned by the English Department of Health between 1948 and 2015. Systematic analysis of these texts reveals that policymakers' conception of healthcare innovation broadened considerably over time. English health innovation policy initially focused on basic biomedical research. Subsequently, it entered a transitional period, zeroing in on science- and technology-based innovation. Finally, this focus gradually shifted to a broader conception of innovation translating into health, economic, and service design benefits.

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1. Introduction

In recent years, the theme of innovation has reached considerable prominence in health services discourse and practice (Hartley, 2005). This increased interest in innovation results not least from the belief that generating, developing, and implementing novel products, services, and processes will be pivotal to quality improvement and cost containment in public services (Salge, 2011). The white paper 'Innovation Nation', published by the English Department for Innovation, Universities and Skills, is a telling manifestation of the growing hope placed in public service innovation, which is considered a priority for England (DIUS, 2008:2).

Although innovation in the public sector should not be considered a virtue in itself (Hartley, 2005), a growing body of evidence suggests that generating and adopting innovations is likely to enhance public sector performance (Damanpour and Schneider, 2009). It is therefore not surprising that policymakers are dedicating more attention to promoting innovation (Courvisanos, 2009; Woolley and Rottner, 2008). Clearly, the question of "how to design

policies that stimulate innovation has become a hot topic at various levels of government" (Fagerberg and Verspagen, 2009:218).

In the field of healthcare innovation policy, recent studies have furthered our understanding of the innovation concepts that inform particular policies. These studies have primarily focused on specific sub-areas, such as health research (Shaw and Greenhalgh, 2008), pharmaceutical biotechnology (Rosiello and Orsenigo, 2008), and nanotechnology (Woolley and Rottner, 2008), among others. Similarly, prior research has explored specific stages of the innovation process and their implications from a policy perspective (Savory, 2009). Yet, there is a distinct lack of systematic and inclusive analyses of the evolution of the innovation concept in broader policy areas, such as healthcare public policies (Osborne and Brown, 2011). Understanding this evolution is essential, since it has deeply informed not only the policy rhetoric at different levels (e.g. Secretary of State for Trade and Industry, 2000), but also the overall institutional landscape regulating innovation activities (Liu et al., 2011), validating certain types of innovation and outcomes (Savory, 2009) and guiding financial investment (DH, 2000a,b).

To this end, we explore the evolution of the concept of innovation as articulated in successive healthcare policies, investigating how its definition has changed over time. This is of considerable

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academic and practical interest given that policymakers' understanding of innovation determines the form and level of institutional support innovation receives. Moreover, understanding why certain types of innovation are given priority over others might help uncover and overcome systematic biases in public sector policy, as policymakers tend to take the innovation concept axiomatically with little critical analysis (cf. [Vallgård, 2015](#)).

We start to examine these questions in the specific context of the English National Health Service (NHS). Although policy efforts to promote innovation target a broad range of public sectors, healthcare has long been one of the primary foci of governmental innovation policy ([Savory, 2009](#)). Innovation policy has thus had a particularly significant influence on this sector ([Windrum and García-Goñi, 2008](#)).

The remainder of this paper is organized as follows. In the next section, we introduce the conceptual background for our study. Then, we describe our inductive qualitative research methodology, with particular emphasis on our data collection and analysis procedures. We next present our findings, arguing that the evolution of innovation policy in the English NHS falls into three distinct phases, each based on a different understanding of innovation. Our comprehensive policy content analysis illustrates the core concepts associated with each phase, as well as the process of conceptual change and its performative effects on the institutional landscape. In the last section, we discuss the main implications of our study for public administration research, practice, and policy and sketch possible directions for future research.

2. Conceptual background

2.1. Innovation

Given the growing popularity of innovation and expansion of the concept domain ([Fagerberg and Verspagen, 2009](#)), 'innovation' has come to resemble what [Hirsch and Levin \(1999\)](#) refer to as an umbrella concept. As such, it is used to describe a vast range of empirical phenomena (cf. [Damanpour and Schneider, 2009](#)). That said, a consensus is emerging on several key attributes of the innovation concept. In particular, it is now recognized that 'innovation' can describe a process as well as an outcome, that it can originate from within the focal organization or be acquired externally, and that it can pertain to a product, service, process or business model that is novel to the focal entity or the entire organizational field ([Crossan and Apaydin, 2010](#)).

While typologies pertaining to innovation outcomes abound, process-centric typologies of innovation are still scarce. These latter typologies may be valuable for the policy analysis presented in this article. In particular, fundamental differences in policymakers' understanding of the process whereby new products, services, and processes emerge in the healthcare sector, are likely to shape the nature of policies they consider effective and hence seek to implement.

The growing literature on modes of innovation offers useful insights in this regard, as it presents stylized typologies of ideal-type innovation processes ([Hollenstein, 2003](#)). [Jensen et al. \(2007\)](#), for instance, contrast what they refer to as "Science, Technology and Innovation" with a "Doing, Using and Interacting" (DUI) mode of innovation. In line with subsequent research ([Salge, 2012](#)), we adopt the more concise labels of science- and practice-based innovation to describe the two endpoints of the spectrum of innovative activities. Science-based innovation focuses on the development of novel products, services, and processes fueled by major scientific and technological advances. In contrast, practice-based innovation refers to product, service and/or process developments that occur as an integral part of daily work activities,

typically fueled by the resources at hand ([Salge, 2012](#)). They are triggered by often mundane challenges encountered during regular work activities. Innovation ownership tends to be distributed across the entire organization irrespective of hierarchical level or functional specialization.

2.2. Innovation and public policy

Once the importance of innovation at the national level was recognized, general policy frameworks aimed at fostering fertile environments for innovation emerged. These attempts included "policy actions to raise the quantity and efficiency of innovative activities" ([European Commission, 2000:9](#)). Even in non-interventionist economies, innovation policies have been favored as a way to stimulate innovation ([Dahlman and Ross-Larson, 1987](#); [Enos and Park, 1988](#)) and as a remedy for market failures, infrastructural inadequacies, and international competition ([Hadjimanolis and Dickson, 2001](#); [Stein, 2002](#)).

Notwithstanding, the very understanding of what innovation is varied significantly across countries and over time ([Shapira et al., 2001](#)). Early innovation theories, and the policies based on them, saw innovation as a linear process centered predominantly on supply-side factors and represented by university and technological sectors ([European Commission, 2000](#); [Hadjimanolis and Dickson, 2001](#); [Liu et al., 2011](#)). These early science-centric conceptions were gradually abandoned in favor of a broader and more encompassing understanding of innovation ([Lundvall and Borrás, 2005:614](#)), considering not only major scientific discoveries, but also small, incremental, and marketable advances ([European Commission, 2000](#)).

Such variation in the innovation concept seems to have affected the mix of policy tools used for its promotion. While earlier policies focused on direct interventions in science and technology, the focus has gradually shifted to more indirect financial and fiscal policies ([Hadjimanolis and Dickson, 2001](#)). In their study of the evolution of innovation policies in China, for example, [Liu et al. \(2011\)](#) examined the shift from an initial Science and Technology (S&T) focus to industrial policies and, more recently, the development of financial, tax, and fiscal policies.

Public sector innovation policies have followed the broader trend toward more encompassing government interventions, including practice-based and commercial-type innovation. For instance, [Shaw and Greenhalgh \(2008\)](#) analyzed the increasing pressure since the early 1990s for government departments in the UK to produce science and innovation strategies with commercial emphases (cf. [Secretary of State for Trade and Industry, 2000:41](#)). Similarly, [Rosiello and Orsenigo \(2008\)](#), in their analysis of innovation policies in life science, described the shift from so-called linear models based on basic research, to non-linear, interactive, and systemic models.

Nevertheless, many authors have argued that key policy decisions are still informed by a scientific and research-based understanding of innovation ([Savory, 2009](#)). For instance, [Osborne and Brown \(2011\)](#) problematized the definitional question of innovation in public services in UK government policies. In particular, they argued that the understanding of innovation that permeates many policy documents inherits its core meanings from manufacturing models; as a result, innovation is viewed as continuous improvement and positioned as a normative "good" (2011:133).

Such contrasting views have triggered recent calls for systematic analyses of the evolution of the innovation concept in domain-specific public service policies ([Osborne and Brown, 2011](#)). In this context, we examine the following research questions:

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