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ARTICLE

Innovation in the portuguese health sector organizations: empirical evidence from the community innovation survey

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Abstract The main purpose of this study is to analyze the innovation on the Portuguese healthcare sector organizations.

In this study, we followed a quantitative approach, combining statistical and documental analysis, through the Community Innovation Survey (CIS) data analysis and processing, thus performing an exploratory, descriptive and transversal study.

The healthcare sector reveals dynamism in introducing products that are new to the market and the company, mainly through a closed innovation process. External cooperation is preferably R&D-oriented, and there is low involvement of market agents in R&D activities, through partnerships. However, these are seen as an important source of information and organizations seek to meet their needs. Different types of organizations adopt different innovation strategies, depending on their market and current situation, which translates into a contextual innovation policy, in line with the current theoretical developments.

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1. Introduction

The role of innovation in economic development has been raising questions regarding its effects on the competitiveness of organizations and nations themselves. The topic has been the subject of study by Schumpeter's economic development theory within the capitalist model at the beginning

of the industrial revolution. The author differentiates invention from innovation, arguing that an invention is an idea, sketch or model for a new or improved product, process or system and that an innovation in the economic sense is only complete when there is a commercial transaction involving an invention, thus generating wealth (Santos, Fazon & Meroe, 2011). Initially the application of innovation in organizations was characterized by a linear invention process in order to then sell the invention, where the main actors were basically the departments of research and development (R&D) and the market. Innovation didn't belong to

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the strategic's sphere of organizations, because they were practically non-existent (Gomes, Grandson & Giotto, 2007).

Innovation can occur throughout a process, a new product line, a new advertisement or new technological advances (Lumpkin & Dess, 1996). There are several ways to identify the degree of innovation of a company, as the volume of financial resources invested in innovation, human resources devoted to innovation activities, number of new products or services launched on the market or frequency of change in product or services lines (Covin & Slevin, 1989).

Drucker (1986) points out that entrepreneurship is risky because so few of the so-called entrepreneurs actually know what they are doing, and that they lack proper methodology. For this author, entrepreneurial activity should be systematic, requires management and most of all needs to be based upon intentional innovation. In this process, it is crucial to know how to recognize those needs and to identify the best response to them, considering all the relevant factors involved. These factors may reveal themselves as facilitators to the whole process or, instead, create impediments and block it. This is why innovation requires good management. How do all these factors come together? Both theoretically and in practice, current trends identify innovation, internationalization and the exploitation of synergies as fundamental parts of business strategy. This point of view is supported not only by the Organization for Economic Co-operation and Development (OECD, 2011), but also by COTEC Portugal (2010), supporting the new "open innovation" paradigm.

The R&D of innovative products and services related to life sciences is determinant in the healthcare sector. Within the scope of value-based competition, Porter and Teisberg (2006) claims that all innovation that actually generates real value to the customer is highly rewarded in a competitive market. This author sustains that although technological innovation in healthcare is often seen with distrust and its adoption blocked by financial constraints, it is a fundamental part in the development of health care.

The Portuguese national innovation system has been producing quite positive results, not only for economic agents in particular, but also for the economy in a global sense.

2. Theoretical framework

2.1. The Portuguese Healthcare Sector

The Portuguese health system consists of the National Health Service (SNS), health sub-systems and also private health systems. The SNS is mostly financed by the government budget, with co-payments representing only about 1%. According to our research, 17% of the population is covered by one of the sub-systems via employment benefits, whereas 21% is voluntarily covered by private health insurance (Keckley, Coughlin, Gupta, Bajanca & Moreira, 2011).

The several public bodies and public health services that set the system structure, integrate the State's direct and indirect administration (central services, institutes, the Regional Health Administration - ARS), as well as public sector companies, under the Health Ministry, which relies on the support of the National Advisory Body (CNS) and an

independent Health Regulatory Board (ERS) (Ministério da Saúde, 2011).

Private healthcare institutions, besides providing services to patients covered by private health insurance and to self-paying customers, establish contracts with the SNS to provide specific services, thus integrating the national covenanted providers' network.

The state takes on a substantial weight on the health sector in Portugal, which was, in 2012, responsible for 62.3% of its total expenditure. When the SNS was created, public expense in healthcare was about 2% of the GDP, whereas currently it is over 10% (BMI, 2013). The challenges it comes across with are increasingly large, considering many factors, namely the imbalance in the age structure of the Portuguese population. In the last decade, the population-aging trend has been more pronounced, with a reduction of individuals in all age groups up to age 29 and an increase of 26% in the age groups above 69 years old (INE, 2012).

Deyo (2002) argues that the demographic transition, characterized by an aging population, combined with a universe of better informed users, has resulted in a growing demand for new medical products and services. Naturally, this implies increased needs in health care provision, a responsibility that the state must ensure. In a context in which the scientific and technological evolution allows access to better care, the available means for their provision are becoming more expensive. Therefore, it is becoming particularly relevant to aim for the sustainability of the health system.

The effectiveness of a universal health policy implies rethinking the health care system globally, thus originating a management model based on the need to increase productivity and reduce public spending (Rêgo, 2006). This model, referred to as the "New Public Management", was introduced by Hood (1991), and based primarily on the adoption of business management principles and methodologies in the public sector and building on the experience of its implementation in the private sector. This view is supported by Araújo (2002) who argues that its adoption is the right way to achieve those objectives, namely the achievement of the health policy and its sustainability, and considers the management of the private sector more capable than the public administration for this purpose. The construction of this model is based, namely, on a greater discipline in the use of resources, the evaluation of results and performance measurement against the previously established objectives (Hood, 1995).

We can conclude that the current context requires a greater accuracy and efficiency in resource allocation in the health sector. Despite the negative perception that exists among the Portuguese, we can look with satisfaction at the results achieved in the recent decades and the quality of care that the country offers.

2.2. Innovation

Lumpkin and Dess (1996, 2001) state that innovation is reflected in the tendency for the company to engage in new ideas, novelty, experiences and creative processes that may result in new products, services or technological processes. They might as well as result in the willingness to support

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