

# Chapter 7

## Innovation in Healthcare Organizations: Empirical Evidence from Portugal

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### ABSTRACT

*The main purpose of this chapter is to analyse innovation in organizations of the Portuguese healthcare sector, in order to identify its critical success factors. In this study, the authors followed a quantitative approach, combining statistical and documental analysis, through the Community Innovation Survey 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.*

### INTRODUCTION

In order to survive, organizations require the ability to respond to a growing number of needs. Customer diversity and their soaring demands exert a constant pressure on markets and the companies' supply. Innovation is the answer to

this challenge, being an approach from which all kinds of organizations can benefit, as long as the process is properly managed.

The role of innovation in economic development has been raising questions regarding its effects on the competitiveness of organizations and nations themselves. In this context, entrepre-

neurship is determinant, as it is closely linked to innovation as the vehicle which carries new ideas and new ways of doing things taking into account the market needs. 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 (2010), supporting the new “open innovation” paradigm.

The Portuguese context is becoming increasingly dynamic, with a growing trend to foster conditions leading to innovation. According to the Summary Innovation Index, from the European Innovation Scoreboard (EIS), Portugal has been showing some development in this area (Ministério da Ciência, 2009). The EIS periodically performs a comparative analysis of the innovation performance of 27 European Union (EU) countries.

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. Funding opportunities such as the European framework programme QREN, as well as other types of institutional support provided by public or private organizations (e.g. IAPMEI, ANJE, ANJE, AEP), are fundamental to stimulate entrepreneurship.

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 & 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.

Portugal is no exception, as several examples of innovation in this country are recognized as success cases in this context. Hereupon, what are then the obstacles to the propagation of such success? What could be blocking the diffusion of such cases, even in the presence of several critical factors that seem to favor the nation? Thus, it is important to identify the critical success factors in the Portuguese healthcare technological industry. Freire (1997, p. 96) refers that these “are the variables that provide the most value to customers and best differentiate competitors in the creation of that value” and that “are generated by combining customers characteristics with the nature of competition”.

The purpose of the present work is to get a clearer view of the innovation framework in the Portuguese healthcare sector, and to identify the determinant factors for its success or failure. In the future, this work will set the basis for the study of which conditions are favorable to the execution and development of innovative ideas, as well as the existence of potential barriers to the implementation of innovative projects in the Portuguese context. This work intends to answer particularly one question: What is it that determines the effective implementation of a particular innovation, in such a way that it generates a positive effect in the economy? More specifically, this will be the starting point to study the relationship between the factors seen as determinant and the success of innovations, within a sample of Portuguese healthcare organizations.

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