Chapter 3
Innovation in Health Administration:
Proposal for an Analysis Model With a View to Human Dignity

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ABSTRACT

Existing literature on innovation in the context of public health administration is not abundant. Thus, it is expected that there is no model that synthesizes the mechanisms and domains of innovation regarding public health. This chapter seeks to be a theoretical contribution to the identification of the elements that form the dimensions of organizational innovation in health. This goal is pursued in two ways: on the one hand, by identifying and synthesizing the relevant elements in the literature that relate to innovation in health; and on the other hand, by proposing dimensions and sub-dimensions of investigation that allow this void in the literature to be filled. To this end, 117 articles were identified, 64 of which were selected and analyzed in order to present a theoretical model for analyzing organizational innovation in health. The dimensions identified will serve to guide organizational health managers on how to handle innovation in their organizations, particularly the main areas where this innovation occurs, its scope, and its impacts on the various care models.

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INTRODUCTION

Studies on innovation have their origin in 1934, through the work developed by Joseph Schumpeter who, throughout his research, sought to combine the approaches of the areas of economics, sociology, and history, emphasizing particularly the decisive importance of innovation to the economic and social development of organizations. Schumpeter (1934) considers that innovation goes far beyond the technological field and that socio-economic development must be seen as a process of qualitative changes driven by innovations that occur in historical time. Accordingly, he introduced the concept of "creative destruction" in identifying the imbalances in socio-economic systems caused by consecutive innovations, with the manager/entrepreneur as the driving agent. He therefore proposed a classification of five types of innovation: (1) launching new products; (2) implementing new production methods; (3) exploring new markets; (4) acquiring new sources of supply; and (5) new forms of governance/organization (Amorim, 2003; Choi, Jang & Hyug, 2009). Schumpeter's emphasis on innovation as a key factor in performance and, above all, in the search for strategies to add value to the "business," continues to this day. Thus, innovation is considered one of the main instruments used by organizations, in order to maximize their results and survive constant social changes (Choi, Jang & Huyn, 2009).

According to Drucker (1985), innovation is a specific function of organizational capability. It is the means by which someone with an entrepreneurial spirit creates resources, or develops existing resources, with a refined potential for the production of wealth. Lundvall (1992) considers innovation to be a new combination of existing possibilities and elements, and most innovations reflect pre-existing knowledge, but combined in new ways. According to Coad and Rao (2008), organizations that invest in innovation achieve higher performance levels, obtaining competitive advantage and more opportunities for success than their direct competitors. The innovation of organizations is fundamental to their survival, and the innovative ones show greater growth than the non-innovative ones. This growth is reflected in productivity (sales performance/service delivery), efficiency, increased employment rate, and financial performance (Hage, 1999; Klomp & Van Leeuwen, 2001; Marques, 2004; Van Leeuwen & Klomp, 2006; Koellinger, 2008).

In short, it is important to remember that although the first studies on innovation were developed by Schumpeter in 1934, it was in the 1970s that greater interest in the subject was triggered in the manufacturing sector, which at the time was considered the engine of development of the world economy. Since then, there have been numerous studies (e.g., Klomp & Van Leeuwen, 2001; Coad & Rao, 2008; Koellinger, 2008) that analyze the relationship between innovation and organizational performance, and prove that organizations that innovate achieve superior performance, obtain competitive advantage and more opportunities for success in the sector where they operate. Thus, innovation is recognized as a key element for the survival of various types of organizations, including health organizations (Klomp & Van Leeuwen, 2001; Koellinger, 2008; Panayiotou, Aravossis & Moschou, 2009).

Innovation in an organization may involve adopting new technological equipment, new work methods, using new raw materials, creating new products, entering new markets, new customers, or new suppliers, among others. The first step in recognizing it is to focus on gradual and cumulative aspects. This perspective gives rise to simple assumptions about the dependence of innovation on the future and the past. As such, an innovation can be seen as a new use of pre-existing possibilities and components, with almost all innovations reflecting existing knowledge combined in new ways (Lundvall, 1992). Sometimes an innovation may be almost inevitable and the new combination may be easy to find and realize. In other cases, this may lead to strong intellectual reinforcement or extremely creative ideas to identify the

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