

**Towards an Understanding of the Emergence of
Service Innovation Networks:
The Case of the Health Cluster Portugal**

- Competitive Paper -

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Submitted to the 26th IMP Conference

Budapest, Hungary, September 2010

Innovation is pivotal for companies' competitive advantage (Stock et al., 2002), and a key aspect of nations' economic growth (Grossman & Helpman, 1991). It is through networking and interacting that firms get access to information, resources, and technologies required for innovating (Afuah, 2000; Gulati et al., 2000; Håkansson & Snehota, 1989). Innovation needs therefore to be understood in this framework of interaction within business networks, and this is relevant not only in the manufacturing industry, but also in services (Fowles and Clark, 2005; Vries, 2006). Given that services account for the large majority of business activities in developed countries, understanding innovation networks in the services industry has become increasingly important (Drejer, 2004; Tether et al., 2001). But how do innovation networks in the services industry come about?

We focus on intentionally created or strategic services innovation networks (Jarillo 1988; Möller and Svahn 2003), which emerge within a wider business network (Håkansson, 2009) and through the action of several actors that share common interests or problems (Brito 2001). Although there has been some work on the creation process of such networks that led to the identification of critical factors for their successful management (e.g. critical mass, shared vision, pre-existence of relationships, role played by key actors; Loeser 1999; Roseira et al. 2009), further work is required.

We are particularly interested in understanding hitherto overlooked aspects of such innovation networks: *their emergence process*. This paper has mainly two objectives: to characterize the creation process of emergent services innovation networks, and to identify the role played by the facilitating entities in that process.

This exploratory research draws on a case study approach. Twenty semi-structured interviews were conducted with all actors involved in the creation of the Health Cluster Portugal (HCP). The HCP is organized around the national health services sector, and it is a facilitator of innovation: it promotes networking and strategic interactions between entities that are somehow related to the health sector (e.g. scientific and technological institutions, pharmaceutical companies, and hospitals), providing innovation-relevant resources. A qualitative content analysis technique is adopted for the data analysis (Krippendorff, 2004). Secondary data such as internal documents, press releases and news items are also collected and analyzed in order to triangulate the primary data and to achieve a deeper understanding of the case-study. Preliminary findings point to the importance of recognizing (1) the critical role played by certain key actors in the whole process of service networks creation, as well as (2) the specificities associated with the sector around which the network is being developed (i.e. health care).

The paper contributes on the one hand to the enrichment of the extant literature on the emergence of services innovation networks, and on the other hand it will provide practitioners and policy makers with a better understanding of the conditions that are necessary for an innovation network to be successfully created.

Keywords: Health Care Services; Network Emergence; Innovation Networks, National Clusters, Health Cluster Portugal (HCP)