**INNOVATION: TRANSFORMATIVE IMPACTS OF ARTS, CULTURE AND CREATIVITY**

Factsheet 3 drawn from ANA’s Insight Report, ‘Transformative: Impacts of culture and creativity’

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**Australia is not keeping up in global innovation rankings**


42nd of 45 OECD nations in terms of R&D expenditure as a share of GDP in 2019.

22nd of 126 countries in the Global Innovation Index in 2019, where we rank highly for our political, regulatory and business environment, tertiary education system, and market sophistication, but have a low ranking for creative outputs and knowledge/technology outputs.

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**Innovation: How arts and culture impact innovation outcomes**

Innovation – defined as ‘fresh thinking that creates value’ – is a key global driver of industry growth. It follows that stimulating and supporting innovation has become a key strategic priority for governments and corporations globally. Given that creativity drives innovation, Australia can strengthen its capacity for innovation by investing in, and enhancing, our nation’s creative capabilities.

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**The need to stimulate creative thinking and actions**

Innovation and economic growth are directly correlated – and Australia is currently underperforming on multiple innovation measures, causing us to lag behind our international peers. In recent years we have declined in terms of economic complexity, R&D expenditure, and the sophistication of our human capital, research, infrastructure and markets.

Australia currently measures innovation performance based on our nation’s science and technology research and development activities. This relatively narrow interpretation of innovation ignores the benefits that arts and culture bring to this area. Adopting and applying a multidisciplinary mindset (and measures) will help us identify opportunities for innovation that will assist in growing the economy.

Our reduced performance is further impacted by our current under-investment in creative skills development. If we don’t increase and target our investment, our performance will fall further behind our competitors.

**That’s why we need to be systematic and strategic about developing a strong, rich arts and cultural terrain that enhances our nation’s capacity to innovate.**

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**Why use arts and culture to stimulate innovation?**

Innovation is crucial to economic diversification, new industry development and future productivity. Therefore, stimulating and supporting innovation has become a key strategic priority for governments and corporations globally. Leading international research shows that arts and culture play a key role in developing creative capacity – the key driver of innovation. Key research findings are shown in Figure 1.

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**Figure 1:** Impacts of arts and culture for innovation

- **Arts and culture develops individuals**: Participation in arts and culture plays a key role in developing creative capacity in individuals.
- **Individual creativity builds organisations**: Individual creative capacity impacts organisational and industry creative capacity by driving innovation.
- **Creative organisations fuel the economy**: Creative industries influence innovation across the rest of the economy.
Many of the world’s fastest-growing industries already rely on innovation and creativity to maintain their momentum. As the world adapts in response to the impacts of Covid-19, workforces will require creative skills to reimagine processes, strategies and products for the changed world.

Organisations all over Australia will, increasingly, require employees with a creative skillset. And with the recent increases in online access and remote working conditions, it is likely that the distribution of our creative workforce will start to even out across the nation. This is starting to happen already, with 14 of Australia’s most creative sites located in regional Australia (See Figure 2). However, our creative employees are still most concentrated in capital cities, with NSW employing 39% of Australia’s total cultural and creative workforce.

Figure 2:
Percentage share of creative workforce per state compared to total Australian workforce per state, 2016.

What do middle Australians think about the role of arts and culture in stimulating innovation?

Arts and culture adds to innovation and creativity. You might be able to say “Oh wow, I didn’t think of something like that” or “that possibility”—it opens up viewers’ minds to different possibilities that weren’t there before. (Male, Sydney)

If you’re not exposed to all the arts and culture, you’d be lacking imagination, you wouldn’t be so open to trying new things. (Female, Melbourne)
Internationally proven strategies for improving innovation outcomes through arts and culture

For Australia to stay relevant and competitive in developing, attracting and supporting the world’s fastest-growing industries, we must enhance our ability to innovate. Our nation’s long-term competitiveness will only improve if we make strategic investments designed to strengthen our ongoing creative capacity and capability and generate innovation.

Effective strategies for Australia to consider, based on credible international and national research, are shown in Table 1.

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<tr>
<th>Objective</th>
<th>Build a highly-employable future workforce</th>
<th>Generate innovation in the existing workforce</th>
<th>Strengthen regional capacity and capability</th>
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<td>Strategic investment activity</td>
<td>Expand implementation and support of STEAM-based education and training (STEAM=Science, Technology, Engineering, Arts and Mathematics)</td>
<td>Support integration and cross-pollination of skills across disciplines, industries and sectors, and also within individuals.</td>
<td>Explore options to expand and extrapolate from existing successful regional and rural-led innovation-building initiatives</td>
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<td>Proven outcome</td>
<td>Students who study arts subjects alongside science, technology, engineering and maths subjects are shown to develop more diverse mindsets and become ultimately more employable. Inves ting in STEAM education and training builds potent and highly employable future workforces.</td>
<td>Many of Australia’s leading innovative enterprises have a key common trait - they effectively combine diverse skill sets within teams to drive innovation. When interdisciplinary teams include creative specialists, their work is shaped by different types of inputs, which drives innovation.</td>
<td>As remote work has become more commonplace, location has become less significant in choosing a profession. Organisations all over Australia increasingly require employees with a creative skillset. Australia is a world-leader in using arts and culture to stimulate creative place-making, and these efforts could easily be directed towards innovation of sorts.</td>
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Table 1: Proven innovation drivers in application
A New Approach is an independent think tank championing effective investment in Australian arts and culture. We research and report on arts and culture investment issues and policy settings. By sharing our findings with key Australian decision-makers, we support the development and implementation of effective, informed and strategic investment.

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