

About ABDC

The Australian Business Deans Council (ABDC) is the authoritative and collective voice of pro vice-chancellors, executive deans and heads of all business faculties and schools in Australian universities. ABDC promotes and advances excellence in business education and research through engagement across universities, with industry, the government and the community. Australian business schools graduate one in three university students in Australia.¹

Our position

ABDC welcomes the opportunity to comment on this discussion paper. The Australian business school community is vitally interested in seeing stronger links between business (broadly defined) and universities, especially with respect to the commercialisation of research.

The following comments are intended to offer constructive input into advancing this agenda.

- 1. Ensure continued investment in academic excellence in research:** Although the discussion paper recognises that industry experience and past success in solving industry problems are not generally part of the metrics of academic excellence, it is important to recognise that academic excellence (as traditionally defined) is likely a necessary (but by no means sufficient) condition for commercially successful research. Hence, the existing focus on academic excellence should not be forsaken, rather initiatives should explicitly focus on how to encourage research that is academically excellent and at the same time addresses industry concerns in an economically meaningful manner. It is therefore dangerous to suggest (see page 15) that the limited funding (such as block grants) which currently support research excellence should be further watered down to include other metrics or considerations which by themselves are unlikely to result in more commercially successful research. Indeed, if excellence is a necessary condition for commercially successful research, we see little rationale for reducing investment in excellence.
- 2. Remove barriers and incentivise both universities and industry to collaborate:** The discussion paper recognises that “*universities respond to incentives*”, but this is equally true of all organisations. Universities have an increasing imperative to identify valuable revenue sources, and commercial organisations have an imperative to innovate so as to create value for shareholders and other stakeholders. The discussion paper fails to address reasons why these incentives do not

¹ Calculated from Department of Education, ‘*Management & Commerce Completion Count 2013*,’ [Higher Education Statistics \(uCube\)](#) and economics data provided on request.

align, and the potential policy prescriptions appear to be mainly founded in existing approaches, such as the further identification of national research priorities, and targeted government investment. This appears to be “*more of the same*”, and it isn’t clear from the document why the “*next stage*” of the same approach should be expected to be more successful than it has been in the past. In contrast, we suggest a different approach, namely identification of barriers that prevent the type of natural collaboration between universities and industry. Examples could include effective tax rates, internal taxes on commercially successful developments, biases in the R&D tax incentive and so on. But we see little of this approach in the document – rather than asking what we should change, it asks what more can government do along similar lines to the past. If piecemeal intervention has not produced the desired result to date, why should there be confidence that the same approach can do so this time?

- 3. Focus on long term solutions such as industry-linked doctoral training:** We are surprised that there is little if any attention given to long term “*solutions*”. One such example is the development of industry-linked doctoral training. While this has already occurred in a limited number of cases, we expect that closer collaboration is much more likely in the long run if researchers are developed who have a better understanding of industry needs, but at the same time have the capability for excellent research. Schemes such as the “*industry scholar*” approach in Denmark are one example, while closer to home some CRCs have successfully deployed this model (the Capital Markets CRC is a prime example of this.)
- 4. Need for a broader research perspective on innovation:** The discussion paper uncritically adopts the position that innovation and “*commercialisation*” are linked, as in commercialising a physical product that results from innovation. It pays less attention to the value of more intangible innovations, such as in service delivery, which are not so readily “*commercialised*”. It also uncritically adopts the view that “*new-to-the-world*” innovations are preferred to the adoption or modification of existing innovations (page 4), or system and process improvements.

These views do not recognise that countries like Australia can achieve important productivity increases through clever adoption of innovations, rather than their production. This effect is particularly noticeable with service industries, such as finance, and with the adoption of information technology (IT). Some of the most economically productive innovations have resulted from new business models, design and business systems integration and high performance workplace and management practices. Not only is technological and scientific research vital, but non-technological innovation is an increasingly important element of Australia’s long-term economic development and productivity.

The effective use of IT (rather than the production of new IT products) in a technologically mature nation can lead to improved performance in the national economy². Further, complementary organisational innovation and change is required to reap the full benefits of a transformative technology such as IT³. The disciplines in business schools in Australia produce important basic and applied research that can assist with effective organisational change and transformation with technology to reap the benefits of clever use of innovative ideas, especially in our valuable service industries. A wider perspective on innovative activity would allow the potential of research in business schools to be better appreciated.

The business school community continues to be puzzled by the continuing absence of economic prosperity from what are regarded as national research priorities. This is further compounded by the absence of financial services as a recognised area of comparative advantage for Australia – the recently announced priority areas exclude what is surely one of Australia’s most important sources of advantage and job creation. Likewise, research that identifies and promotes opportunities in financial services and related areas is likely to be critical to further innovation in this space.

5. The dissemination and adoption of process improvements and innovation: In terms of commercialising inventions or innovations, in growing start-up companies into successful global leaders and brands that drive exports, Australia lags behind other nations. Commercialisation requires advanced capabilities in a range of business disciplines such as product development, finance, business strategy and analysis, entrepreneurship, management and leadership, distribution and supply chain management, export development and marketing. There is a clear and demonstrated need for improved management capabilities around adoption of new technologies and improved business processes leading to increased productivity. This is where business schools have a real contribution to make through effective executive education and people development. The adoption of new innovative systems and processes is often required for commercialisation to occur and this is where higher level training and development is required. This needs to be recognised as an important component of the commercialisation process. It is very much part of the commercialisation of research.

6. Ensure a broad and flexible approach to benchmarking and measuring commercialisation: Finally, we would make the observation that the document fails to recognise some of the more fundamental limitations on the extent of industry-university collaboration. Many industry

² Parham, D., Roberts, P., and Sun, H. (2001). *Information Technology and Australia’s Productivity Surge*, Productivity Commission Staff Research Paper, AusInfo, Canberra.

³ Bresnahan, T. and Trajtenberg, M. (1995). General purpose technologies ‘engines of growth’? *Journal of Econometrics*, 65, 83-108.

problems require very “*immediate*” solutions, and those solutions are often very proprietary. On the other hand, research that is high quality is rarely immediate, and in many cases a greater economic benefit potentially occurs from widespread dissemination. In addition, the dissemination of research outcomes is fundamental to most aspects of academic tenure and promotion. We suggest that it is inherently dangerous to apply one size fits all benchmarks on commercialisation success across or within universities. Such measures are almost inevitably about rationing existing (or incremental support), rather than “*freeing up*” the processes by which mutually advantageous collaboration occurs.

Summary

ABDC welcomes the opportunity to offer our assistance and to be involved in any further consultation on measuring outputs, the re-assessment of national research priorities, research infrastructure or framework to incentivise commercial output and university-industry collaboration.

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