

# INNOVATION: TRANSFORMATIVE IMPACTS OF ARTS, CULTURE AND CREATIVITY

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

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

**93<sup>rd</sup>**

*of 133 countries according to  
Harvard's Atlas of Economic  
Complexity Ranking in 2017.*

**42<sup>nd</sup>**

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

**22<sup>nd</sup>**

*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.*

## **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.

## **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.**

## **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.

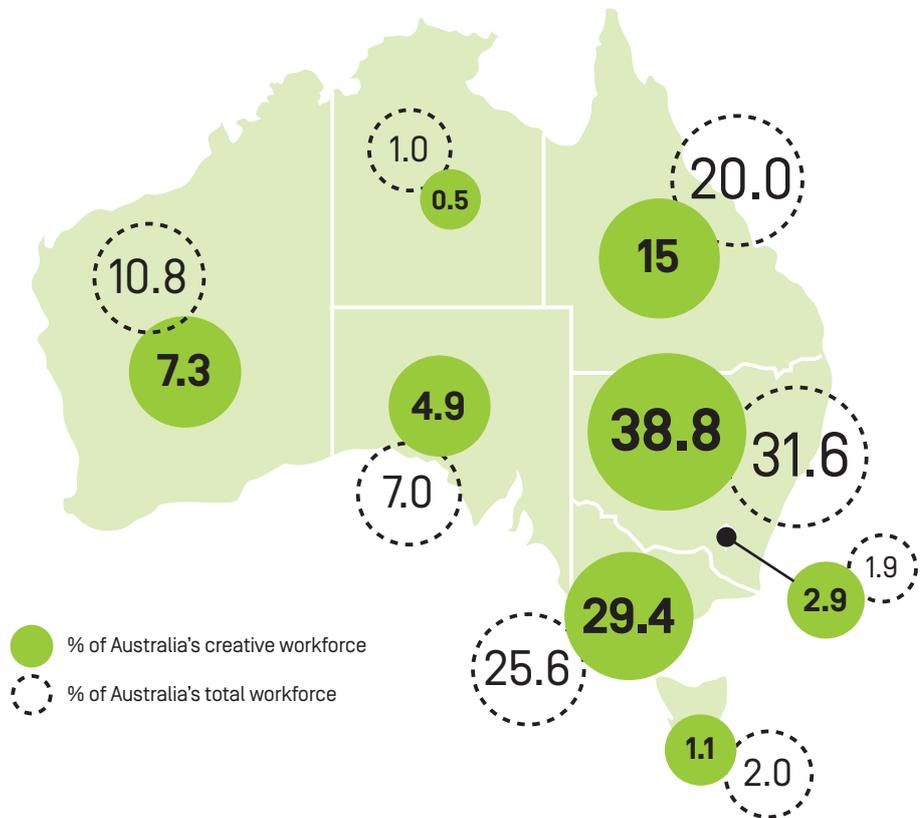
Figure 1:  
Impacts of arts and culture  
for innovation



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]*

Arts and culture are so important for creativity. For our work. Our everyday lives. For everything. Even something simple like cooking requires creativity and we're doing that every day. (Female, Townsville)

Even someone that's aspiration is to move to the corporate world and problem-solve needs to have studied arts and culture at school. Be able to look at things from different angles – we are supposed to be moving into the Information Age so it's not about the manual processing anymore and it's going to be that people need to be able to think better. (Male, Brisbane)



### 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.

Objective	Build a highly-employable future workforce	Generate innovation in the existing workforce	Strengthen regional capacity and capability
			
Strategic investment activity	Expand implementation and support of STEAM-based education and training (STEAM= Science, Technology, Engineering, Arts and Mathematics)	Support integration and cross-pollination of skills across disciplines, industries and sectors, and also within individuals.	Explore options to expand and extrapolate from existing successful regional and rural-led innovation-building initiatives
Proven outcome	Students who study arts subjects alongside science, technology, engineering and maths subjects are shown to develop more diverse mindsets and become ultimately more employable.  Investing in STEAM education and training builds potent and highly employable future workforces.	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.	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 efforts.

Table 1:  
Proven innovation drivers  
in application

### ***In times of crisis, arts and culture are more critical than ever***

*The world has changed in 2020, and the evidence about the impacts of arts and culture are more relevant than ever. Research shows that, during and following major crises such as health emergencies or natural disasters, effective arts and cultural activities are those that aim to reconnect affected communities, reduce feelings of isolation, strengthen people's connection to place, provide opportunities for reflection and commemoration, and foster a shared sense of hope and optimism. Arts and cultural activity can also increase a nation's soft power potential; a critical resource during a period of global disruption.*

### **Opportunities to improve innovation outcomes through investment in arts and culture in Australia**

The available evidence tells a compelling story: effective investment in arts and culture generates tangible, measurable and significant benefits. Yet, in Australia, the proven relationship between creativity and innovation is poorly understood. And this knowledge gap, frequently reflected in our industry policies, is putting our future economic stability and growth at risk.

In light of this conclusive evidence, Australia's public and private investors, policy makers and other stakeholders who want to improve innovation outcomes should:

#### **Initiate a Productivity Commission inquiry**

A Productivity Commission inquiry into the role of creativity in 21st century industry development, jobs and innovation could consider the necessary conditions for Australia to take a strategic approach to using arts, culture and the creative industries to drive innovation. It could identify and describe strategies to scale-up digitally-rich, 'antifragile' business models suitable for a with-Covid environment for the cultural and creative industries

#### **Diversify Australia's economic base by developing our key creative offerings**

Use programs such as the Industry Growth Centres, Industrial Transformation Scheme and Cooperative Research Program to identify and grow existing and new areas of competitive advantage. This will help diversify Australia's economic base and address our creative goods and services trade deficit.

To improve arts and cultural innovation-related opportunities for all Australians; inform a contemporary approach to cultural and creative industry development; and address Covid-19 recovery, Australia's public and private investors, policy makers and other stakeholders should:

#### **Champion a National Arts, Culture and Creativity Plan**

A National Arts, Culture and Creativity Plan would inform more coherent policy settings and investment at all three levels of government. This could be achieved in the same vein as the existing National Sport Plan, 'Sport 2030', that identifies enduring and non-partisan principles and clarifies responsibilities.

### **More information**

A New Approach is an independent think tank championing effective investment and return 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.

ANA was established in 2018 with a \$1.65 million commitment by The Myer Foundation, the Tim Fairfax Family Foundation and the Keir Foundation. The Australian Academy of the Humanities is the lead delivery partner for this initiative.

The information and data provided here is detailed further – with evidence sources – in our 2019 Insight Report, 'Transformative: impacts of culture and creativity'. The quotes from middle Australians are from our 2020 Insight Report, 'A view from middle Australia: Perceptions of arts, culture and creativity'.

See [www.humanities.org.au/new-approach](http://www.humanities.org.au/new-approach) for more information and to access the full reports.

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