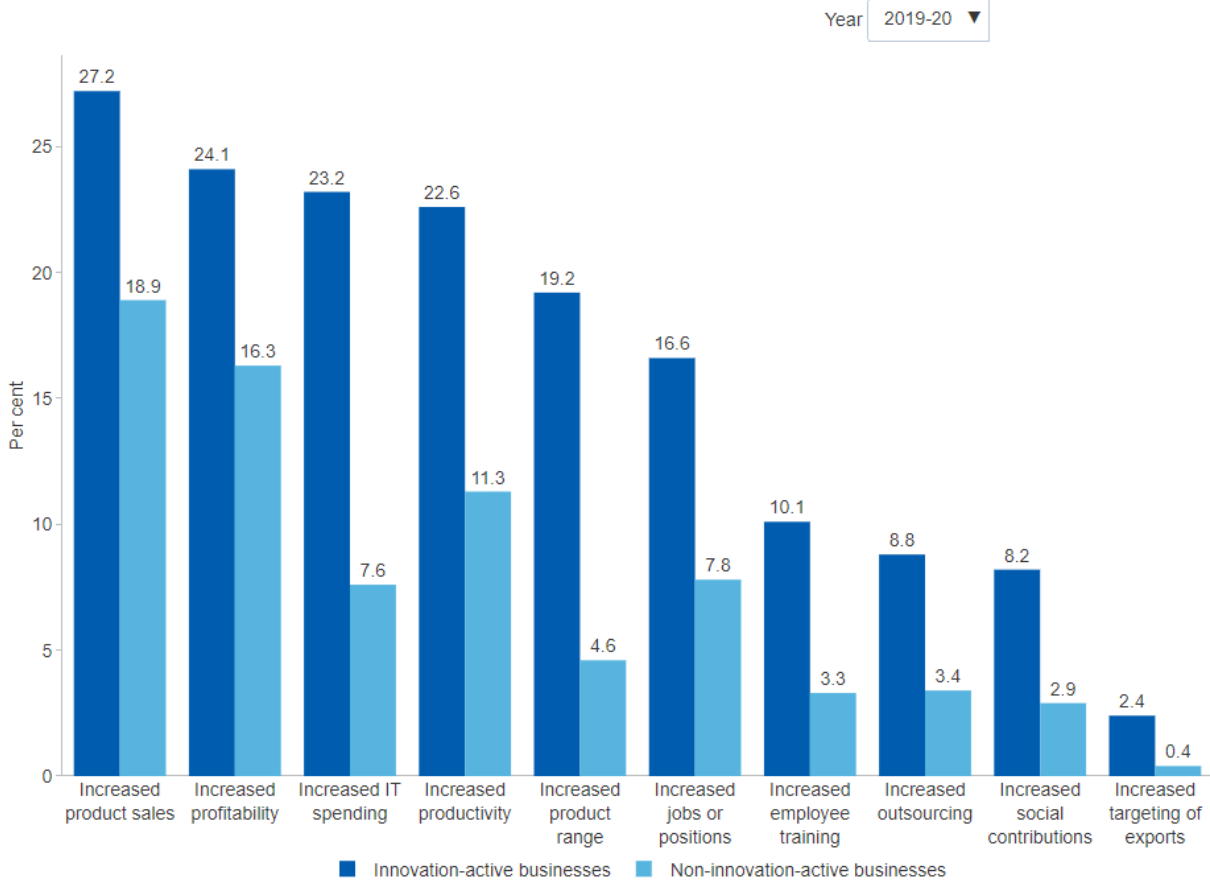


### 1.3.2 Business performance by innovation status

Compared to Australian businesses that do not innovate, a notably higher proportion of innovation-active businesses consistently report increased sales, profitability, and productivity, as well as other growth-related performance measures. In 2019–20, differences between innovation-active and non-innovation-active were particularly pronounced in terms of increased *IT spending*, *productivity* and *product range*.<sup>1</sup> Furthermore, the positive impact of innovation gets stronger when businesses innovate more frequently. Persistent innovators significantly outperform other businesses in terms of sales, value added, employment and profit growth.<sup>2</sup>

**Figure: Business performance, by innovation status, per cent, latest 2019–20**



<sup>1</sup> ABS, *Characteristics of Australian Business*, Cat. No. 8129.0, Cat. No. 8158.0, Cat. No. 8166.0, Cat. No. 8167.0 and ABS.Stat (<https://www.abs.gov.au/>)

<sup>2</sup> Department of Industry, Innovation and Science (2016) *Australian Innovation System Report 2016*, Office of the Chief Economist (<https://www.industry.gov.au/data-and-publications/australian-innovation-system-report/australian-innovation-system-report-2016>)