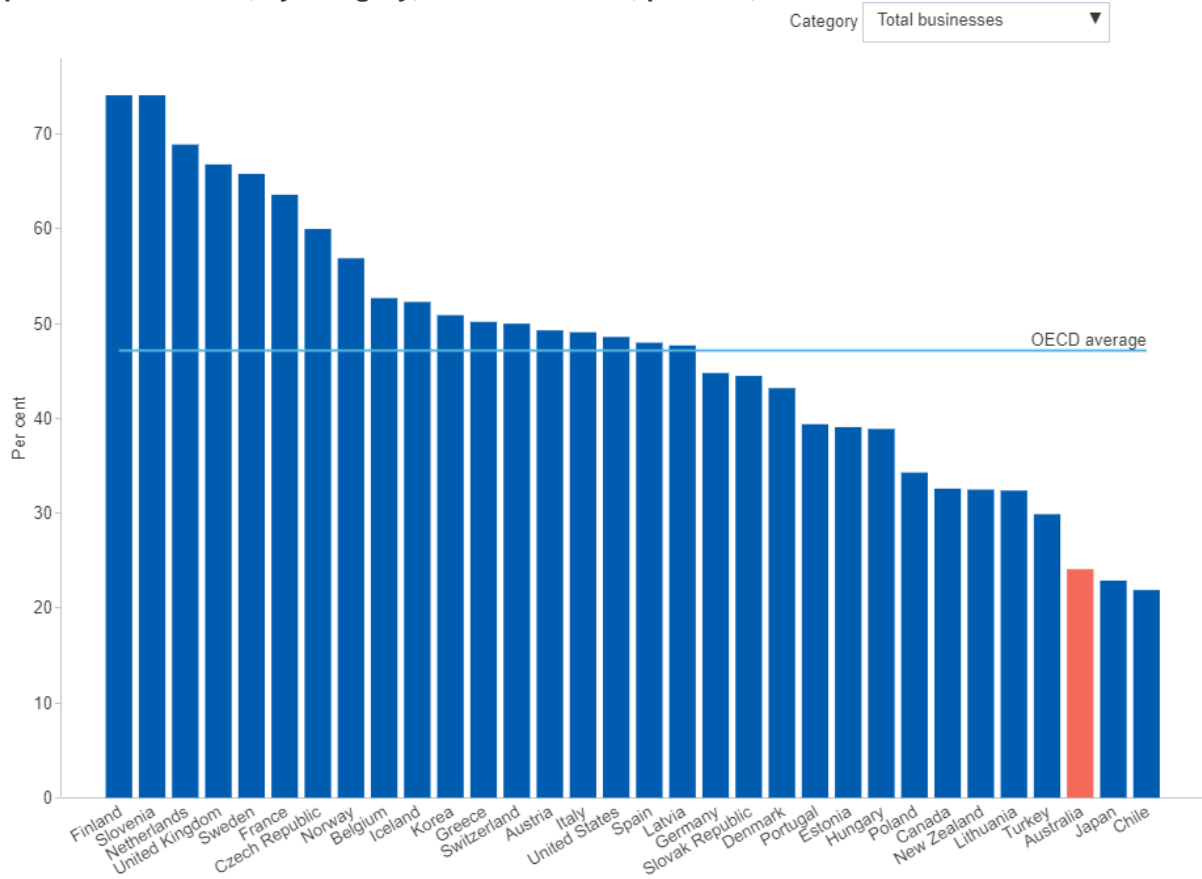


### 1.4.4 Innovation-active businesses that are R&D active

All businesses engaged in R&D are innovation active but not all innovation-active businesses engage in R&D. R&D is a specific type of innovation activity and it can be costly, requiring specialised expertise and equipment. In the business enterprise sector, R&D activity is industry-specific – important to some industries (e.g. Manufacturing) but not to others (e.g. Accommodation and food). The overlap between innovation and R&D activity provides a proxy measure of the extent to which high-value technological innovation may be occurring. *Australia* has a relatively low proportion of businesses in this category compared to other OECD countries (24.1 per cent in 2016–17 compared to 47.2 per cent for the latest available *OECD average*, respectively).<sup>1</sup> The data only capture businesses pursuing product and/or process innovation, so the estimates partly reflect Australia’s service-oriented industry structure and the diminishing share of manufacturing in output and employment. In 2016–17, *Large businesses* had the lowest share of R&D expenditure (21.9 per cent) and *Manufacturing businesses* continue to have the highest (26.1 per cent).<sup>2</sup>

**Figure: Innovation-active businesses that are R&D active, only relates to product and/or process innovation, by category, OECD countries, per cent, latest 2019**



<sup>1</sup> ABS, *Research and Experimental Development, Businesses, Australia*, Cat. No. 8104.0 (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/8104.0>)

<sup>2</sup> OECD (2019) *Innovation indicators*, OECD Publishing (<http://www.oecd.org/innovation/inno/inno-stats.htm>)