



Business Commitment to Research and Development.

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This submission is in the form of brief responses to each of the three key questions.

What would be the economic benefit for Australia from a greater private sector investment in R&D?

Current R&D investment in mining, manufacturing, medicine, and biotechnologies is driven by the potential for commercial gain within competitive environments. This represents R&D undertaken and funded by and within industries for their competitive advantage rather than for the common good or even the Australian economy. Costs frequently balance or outweigh commercial advantage so R&D costs are undertaken to maintain market position and market share.

R&D undertaken by the private sector is now funded primarily by overseas interests, where the resultant profits are enjoyed. Few SMEs enjoy the luxury of R&D programs despite their need to maintain international competitiveness.

What are the impediments to business investment in R&D?

Other than facing a significant threat or opportunity within their marketing environments, most companies have little incentive to develop R&D programs. We are currently developing research projects with 50 SMEs, none of whom has previous experience in this field. Main impediments from those surveyed suggest that margins were too tight and the proprietors had little understanding of the potential benefits, costs, or processes involved in research and development.

What steps need to be taken to better demonstrate to business the benefits of higher private sector investment in R&D?

We are currently developing a pilot model of exposing SMEs to research and development projects on a no-fee basis using mentored teams of final year university business students. Only when business people can see the potential benefits of research and development, may they be in a position to consider the cost-benefit equation for their own business or industry group.

Further discussion on these responses is welcome by email (above).