

Society for Knowledge Economics

Senator the Hon Kim Carr
Minister for Innovation, Industry, Science and Research
Industry House, 10 Binara Street
CANBERRA ACT 2604

September 22, 2008

Dear Minister,

The Society for Knowledge Economics, and our stakeholders, welcome the “venturousaustralia” Green Paper and congratulate the expert panel members and all concerned responsible for its development.

We are very pleased with the clear message and multiple references to the importance of “*innovative workplaces*” to a healthy Australian Innovation System and that “*innovation largely revolves around what happens in business*”. Also welcome is the focus on the need for innovation in the Public Sector.

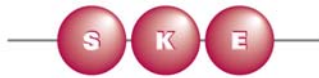
The point on Page 19 that “*the pursuit of innovation involves change processes within a societal or community context*” is also an important one worthy of attention.

Innovation is about leading change for economic and social benefit. As Mark Dodgson points out on Page 33, this requires a range of “*strategic and leadership competencies*” and on Page 35 “*to reset Australia’s innovation policy to foster a critical mass of Australian firms with the skills and capabilities to make innovation a decisive business strategy*”.

Hence, we strongly support Recommendation 3.1 and the suggestion of a *National Forum on the Workplace of the Future*, with one point of significant amplification that; we need to invest in and develop Australia’s workplace leadership, culture and management capabilities across both private and public sector enterprises.

Attached is a submission we are happy to submit in response to the Green Paper, a *Society for Knowledge Economics report* commissioned by the Victorian Government “*Enabling Innovation: Leadership, Culture and Management at the Workplace Level*”, prepared in collaboration with University of New South Wales and Copenhagen Business School. This report has been endorsed widely by leaders from across all sectors of our economy.

It is our strong recommendation that the leadership, culture and management aspects of workplace innovation are given much more attention as part of Government support for the development of Australia’s innovation system and is reflected as such in your response to the Green Paper.



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As stated on Page 54 regarding “Workplace Innovation”;

“The public policy objective here is twofold. First we want to promote greater investment in skill upgrading and development to achieve an outcome of increased firm productivity and innovativeness. The second objective is to support everyone in the workforce to be able to develop and hone their skills and talents over the course of their whole careers.”

What is not adequately stated and addressed in the venturousaustralia report (despite references on Page 56 and 57) is that **this aim is highly dependent on having workplace leaders across our economy with the capability to create cultures and management systems that encourage workplace innovation and enable their people to achieve to their potential, leveraging the possibilities of information and communications technology.**

Hence we believe Government policy must invest and have involvement in the development of Australia’s workplace leadership capabilities for innovation and hence productivity.

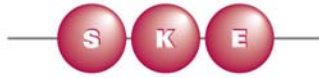
The Society for Knowledge Economics would welcome the opportunity to lead or participate in a process to define action that can and should be taken to address this vital and foundational (and often overlooked) aspect of our innovation system; **leadership, culture and management at the workplace level.**

We agree that as stated on Page 56 there is a “*need to revisit the issue of management education and leadership skills that were flagged in the Karpin Report*”.

We believe that, as mentioned, on Page 73 and Recommendation 6.5, we need to “*build concentrations of excellence, encourage collaboration and achieve better dissemination of knowledge.....*” There is no more worthy of area of such focus than our Nation’s leadership capacity and capabilities in the work place.

Just as on Page 151 “*A common problem for many Governments is that they use yesterday’s institutions to meet tomorrow’s problems*” the same applies to the private sector. Old styles of leadership, culture and management are not adequate for the connected world economy we live in today, which requires all organisations to connect with and collaborate with a wide range of stakeholders and to understand how to leverage the potential of communications and information technology.

The Innovation leadership challenge closely aligns with the same leadership challenges organisations face in addressing sustainability. *The Society for Knowledge Economics* is



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collaborating with the OECD and the US Extended Business Reporting Consortium on matters related to development of better measurement of intangibles and aspects of organisational performance related to innovation. We see these matters as needing focus as part of the workplace leadership, culture and management elements of our innovation system.

The Society is also currently examining options for operationalising the concept of the Workplace of the Future via a project commissioned by the Department of Education, Employment and Workplace Relations. For this project, we are leveraging the expertise of key stakeholders in our network, including Professor Roy Green from UTS and Danny Samson from Melbourne University, a member of the original Karpin task force.

The “leadership, culture and management” aspects of our innovation system need much greater attention. Cross sectoral focus, including business, academia, unions and government is the key to making progress in this vital aspect of our innovation system.

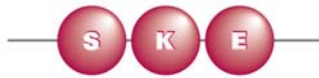
***The Society for Knowledge Economics* believes a “lighthouse” organisation needs to exist that brings key stakeholders together from all sectors to better understand the challenges, and identify effective means to develop and distribute leading practices in leadership, culture and management. Such an entity can develop and recommend broad workplace development programs promoted by Government and implemented across the public and private sector.**

Such an entity needs to be strongly connected to programs such as Enterprise Connect, Comet, IBSA, and the Industry Innovation Councils, to ensure that leading practices are distributed to business and industry through these vehicles as well.

The Society for Knowledge Economics looks forward to the opportunity to explore these ideas further and to participate deeply in a National “Lighthouse” for Leadership, Culture and Management in the workplace.

Yours Sincerely,

Steve Vamos
President, Society for Knowledge Economics



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About the Society for Knowledge Economics

The Society for Knowledge Economics (SKE) is a not-for-profit organisation founded in June 2005. Members and supporters include organisations such as Microsoft, Westpac Banking Corporation, CPA Australia, PricewaterhouseCoopers, the New South Wales Department of Lands, the Department of Finance and Deregulation, the University of New South Wales, Macquarie Graduate School of Management, Sydney University, and others.

The SKE believes that Australia needs a collaborative, cross-sectoral organisation, supported by industry, academia, policy makers and others, who work together to make Australia one of the world's leading knowledge economies which provides the most innovative, productive and fulfilling places in the world to work.

A leading knowledge economy is one that aims to better understand, develop and leverage the most potent force in creating economic and social value today – its people and collective knowledge and ability to innovate and produce new and improved products, services and business processes.

To this end, the SKE conducts industry-based research projects and prepares policy submissions, research papers, thought leadership pieces and editorials to influence policy directions and management and leadership practices in the Australian economy. Visit www.ske.org.au for more information.

The SKE has conducted research and industry partnering projects with a wide range of Australian and international organisations, including for example the:

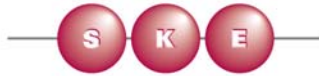
- Business Council of Australia
- CPA Australia
- Department of Finance, Canberra
- Department of Innovation, Industry and Regional Development, the Victorian government
- Innovation and Business Skills Australia
- Microsoft Australia
- NSW Department of Lands
- OECD World Intellectual Capital Initiative
- US Enhanced Business Reporting Consortium (the US Securities Exchange Commission)
- Westpac Banking Corporation

Our Interest in Innovation and Workplace Productivity

The SKE and our members have a vested interest in ensuring that government policy supports the development of Australia as a more prosperous and innovative society and economy.

We believe that innovation will be critical, as a national and organisational priority and every day activity, to sustain economic prosperity and social wellbeing in Australia. We also believe that it is the shared responsibility of government, business, researchers, education providers and others to develop Australia's national innovation system.

Specifically, there is a need to position innovation as a national priority supported by a whole-of-government approach.



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Future and current work follows previous reports by the SKE on Australia's innovation capabilities and national innovation system, including:

- Society for Knowledge Economics (2008), *Enabling Innovation: Leadership, Culture and Management at the Workplace Level*, Commissioned by the Department of Innovation, Industry and Regional Development, the Victorian Government, June, 2008.
- Society for Knowledge Economics (2008), *Australia's National Innovation System*, submission to Kim Carr's National Innovation Review Panel, sponsored by the Business Council of Australia, April, 2008.
- Society for Knowledge Economics (2007), *Leadership and Culture – the Missing Pillar of the National Innovation Agenda*, Response to the Victorian Government's proposed National Innovation Agenda, November, 2007.
- Business Council of Australia, in collaboration with the Society for Knowledge Economics (2006), *New Pathways to Prosperity – A National Innovation Framework for Australia*, November, 2006.

The SKE is currently conducting a research study on behalf of the Department of Education, Employment and Workplace Relations into managing innovation at the workplace level, focusing on the role of leadership, culture and management in enabling innovation.