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Title:

Finding and filling the gaps in the Australian governments' innovation and entrepreneurship support spectra.

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Finding and filling the gaps in Australian governments' innovation and entrepreneurship support spectra.

ABSTRACT

A national innovation system is concerned with the full process of converting new knowledge into commercially viable results. Governments are policy-active in trying to create productive national innovation systems. This paper reviews ways of thinking about entrepreneurship as the commercialisation component of Australia's innovation system. (frameworks and models) and practical channels for implementing it. The paper explores the impact and relevance of selected existing Australian Commonwealth, and to a lesser extent State government, programs for the commercialisation channels so identified, using four frameworks for the analysis: financial, management/start-up, innovation and entrepreneurial. The analysis indicates program initiatives covering the later development and commercialization phases, but serious gaps in the support available for the entrepreneurship phase involving the act of new entry. This gap is covered by research provider business development people and to a limited extent by incubator and State government initiatives. A critical issue has been and is access to smaller amounts of seed finance. The critical human component is the education of public servants and politicians about the nature and operation of entrepreneurship.

Key words: Entrepreneurship, commercialisation, innovation.

INTRODUCTION

The need for Australia, collectively, to develop a much more entrepreneurial and innovative culture and for government to take an important role in developing the relevant policies and programs, is an 'urgent' idea that literally creaks with age. It has been agreed to in principle by public and private sector leaders and influential opinion shapers for at least 40 years. Two examples will suffice to illustrate the point.

This paper limits its retrospectivity to 1991. In that year a major report, commissioned by government, achieved national prominence in the media, the universities, corporate boardrooms and the corridors of power. The report on Innovation in Australia (Pappas *et al.*, 1991: 1) demonstrated that, in the early 1990's, Australia was the only industrialised country that had not increased its proportion of merchandise exports to GDP in the previous 30 years. Further, this report noted that research and development (R&D) was a significant influence on business performance in generating potential exportable merchandise. However, although business and the Government at the time realised that innovation was more than just R&D, Australia still committed in 1988 some \$2.8 billion purely to R&D. At this time, there was an extensive network of business, Government and educational sectors providing resources to this R&D focus. ~~Of particular note were The Industry Research and Development (IR&D) Board that provided tax concession schemes for R&D initiatives and AusIndustry, which provided business support to stimulate export trade.~~

The consequence of these initiatives, networks and R&D focus at the time of the report had yet to bear tangible fruit to Australia's export market or Australia's national wealth. Pappas and colleagues in their report highlighted many issues. The following were seen as urgent for Australia to increase its innovative strength, global competitiveness and national wealth.

- Australia's private sector expenditure on R&D was low relative to the rest of the world.
- Government funding concentrated away from the critical 'end game' of the innovation process, i.e. commercialisation.

- Government's interpretation of the innovation process was characterised by large 'R', small 'D' and almost negligible 'C' (where 'C' meant 'commercialisation').
- Australian innovation was still biased towards technology 'push' rather than market 'pull'.

While *research*, *development*, *commercialisation* and *innovation* received definitional attention, *entrepreneurship* did not.

Given that the Pappas et al. paper indicates that we have known what might be called 'the national entrepreneurial problem' for over a decade, the question to be addressed in this paper is simple:

- Has any progress been made?

In a government context this translates more specifically into the question:

- 'Do ~~federal~~ Commonwealth government policies and programs do a good job in fostering entrepreneurship and innovation through the creation of New Technology-based Small Firms (NTSF)?'

Objectives

Our principal objectives in a short paper have been to assess and comment on initiatives and programmes in relation to:

1. creation of ventures both from the exploitation of university and other public agency research expenditure and from individual's initiatives
2. economic contribution through local and export wealth creation from technological innovation, whether through new ventures or existing companies.

and

3. to explore how well selected existing government programs fit with the longitudinal development from new knowledge and new opportunity creation to wealth and other community benefit generation and where there may be gaps or imbalances in relation to priorities identified earlier.

The definitional domain

This paper starts with the proposition that there is only a partial overlap between effective technological innovation and entrepreneurship. Entrepreneurship essentially ~~requires~~ is about the creation of new enterprises, whether or not they are newly incorporated (Lumpkin and Dess, 1996). Technological innovation—Hindle's BIG-I innovation (Hindle, 2002)—is about the creation and exploitation of new knowledge and new technology that hopefully results in wealth creation. Drucker has described entrepreneurship as "the engine of innovation" (Drucker, 2000). However innovation can create wealth without involving the creation of a new venture, that is without entrepreneurship. Equally, entrepreneurship, involving the creation of a new venture, may happen due to entrepreneurial cognition, such as seeing the potential of a new business ~~model, that~~ model that does not derive from technological innovation.

Against this background, governments all over the world—but, as particularly well documented, in OECD countries—have established interventions and provided very significant taxation funded resources both for the generation of new knowledge by research and development and to support its exploitation through technological innovation, whether by existing or newly formed incorporated ventures. At the same time there has long been recognition in the EU that ~~the rate of generation of~~ new knowledge based companies can be a key driver of regional economic development. This paper has sought to review the effectiveness and efficiency of Australian Commonwealth and State government programs and interventions in this domain. It starts with a summary of Australia's R&D performance

which of course underlies technology development and technological innovation performance.

Australia's innovation performance

Recent research by Gans and Stern (2003) has used the number of patents filed in the USA that originated in Australia as a measure of innovation performance. Using this measure they reported some progress and concluded that:

Over the past quarter century, both public policy and private sector initiatives from a **classical imitator** to a **second-tier innovator economy**...Australia has **enhanced its commitments** to innovation policy in recent times. So far these investments **have not yet paid** off in terms of establishing Australia as a first-tier innovator nation (p.1).

At the same time, in the area of business expenditure on R&D (BERD), recent European econometric analyses have shown a close relationship between the proportion of BERD to Gross Expenditure on R&D (GERD) and technology absorptive capacity, discussed in a recent paper involving one of the present authors: (Yencken and Gillin, 2003). The BERD to GERD ratio has been low by comparison with other OECD countries, but BERD had improved from A\$10,417.1 million in 2000-01 to \$12, 249.9 million in 2002-03 (Jones, 2004), a real increase of 11 per cent after allowing for inflation (ABS Cat. No.6401.0 Consumer Price Index, Australia). This has however resulted in no-some small improvement of the BERD/GERD ratio of 0.48. By comparison in FY 2000, the similar ratio for the USA was 0.76 and for the UK 0.66.

~~Against this background, this paper attempts to assess the current state of federal Government endeavours to provide assistance and encouragement for businesses involved in technological innovation and entrepreneurial processes. Scrutiny is limited to six federal Commonwealth Government assistance programs that may be supporting entrepreneurship and wealth creation through innovation with some comments on State government initiatives.~~

Innovation outcomes

The literature identifies two main types of business and wealth creation outcomes from technological innovation:

1. a saleable product, process or service, as defined by the Oslo Manual as the basis for national innovation surveys (OECD, 1997; Haukness, 1999)

~~PO [including both Product and Process-oriented and Service-oriented] mode spin-offs match more closely the classical entrepreneurial model. They are organised around a well-developed product (or process) [or service] concept and focus (Stankiewicz, 1994). They will need almost ab initio access to technology and product development skills, business network access and experience and familiarity with their chosen—and existing—product/market sector. Research shows these skills as critical for new PO mode ventures' survival and growth (Hindle and Yencken, Forthcoming 2004).~~

This new product or service may come from a new venture established for this end, but it may also come from an existing company that has generated the new technology by its own R&D investment or has licensed the new technology from a university, public research agency or other company that originally created the new knowledge, technology and intellectual property involved. In both types of situations, technology absorptive capacity is involved. The literature has shown this to be closely related to a firm's level of investment in R&D (Yencken, and Gillin, 2003).

2. a technology asset

Technology asset oriented mode (TA), concerned with the development of technologies which are subsequently commercialised through spinning-out new firms, licensing, joint ventures or other types of alliance...; ~~these firms are based on business models derived from new mixes of fusion and discontinuous and potentially disruptive innovation.~~ The genesis of such new ventures typically can come from 1st or other generation R&D modes (Stankiewicz, 1994).

This second group of new ventures has been particularly important in Australia. Almost all the pharmacology and biotechnology based ventures fall into this category. ~~These biotechnology areas account for the greatest number of spin-offs from Australian universities and other publicly funded research agencies (Yencken and Gillin, 2002a).~~ Typically their drug related technology will be licensed to a major pharmaceutical company after successful Phase 1 and sometimes Phase 2 clinical trials. They will make money out of the licence earnings but they may never market a product or service in terms of the Oslo Manual definitions.

The underlying models or frameworks appropriate for the exploration of the coverage and effectiveness of government programs and interventions will be quite different.

The Australian entrepreneurship and innovation policy context

Historical perspective

The last 30 years has seen an extraordinary explosion in the level of entrepreneurial venturing, with the United States leading the field and more recently closely followed by the United Kingdom and somewhat differently in continental Europe. ~~Most OECD countries support NTSF generation as a key driver of regional economic development. There is also evidence (Yencken, Cole and Gillin, 2002) that NTSFS almost always have high levels of R&D investment, an important contribution to national technology absorptive capacity. New industries have rapidly risen from obscurity to necessity within the space of a few years. The US's wealth rose from \$550 billion in 1970 to about \$9 trillion by the end of 1997...95 per cent of this wealth has been created since 1980. It is not surprising that governments have begun to notice entrepreneurship.~~

Where should entrepreneurship policy be put?

Entrepreneurship policy should fall within the context of industry policy. The Industry Commission has identified the following five types of industry policy: tailor-made protection, special industry plans, investment attraction, matching other countries and concentration on fundamentals. (Bill Scales, 'Get the fundamentals right', seminar on Industry Policy reported in CEDA Bulletin, October 1997, p. 1619.) quoted in Emmery (1999).

For much of the twentieth century industry policy in Australia and the world at large focussed upon the erection of trade barriers. They were seen to have a role in "generating growth, employment, infant industries, foreign exchange earnings and defence industry capability. Trade barriers over time made it easier for Australian companies to survive without innovating, and prevented business and consumers from shifting resources into areas of higher productivity and yield. In essence ongoing trade barriers were not just anti-competitive they were anti-entrepreneurial.

~~Emmery summarised Federal Government industry policy directed to individual industries in the following way: " "~~

~~Commonwealth industry policy has been strongly industry selective (with differential rates of assistance for different industries) but it could hardly be called one of 'picking winners'. It was more a policy of assisting 'losers' to sustain their operations under made-to-measure tariffs and in later years to~~

~~undertake restructuring activities under the Button industry plans (Emmery, 1999).~~

As economies progressed throughout the twentieth century, primary and secondary industries have lost their domination in both economic importance and political influence. ~~This has been particularly the case in the past thirty years. Whilst they are still important sectors of the economy,~~ The service, information and communication sectors have become increasingly important. The rise of the service, information and communication sectors has dramatically altered the course of industry policy. The demise of protection as an industry policy goal has led to a culture favourable to entrepreneurship. The focus has begun to move towards new industries with “*high growth in demand, rapid technological change, new markets, risk of obsolescence, and a strong trade orientation*” (Emmery, 1999). The locus of control for productivity growth and wealth creation internationally has shifted to entrepreneurship and innovation.

One of the features that is evident in a review of Australian government innovation programs is that they have tended to concentrate on Drucker’s seventh source of innovation, knowledge based innovation.

Knowledge-based innovation is the ‘super-star’ of entrepreneurship. It gets the publicity. It gets the money. It is what people normally mean when they talk of innovation. Of course not all knowledge-based innovations are important. Some are truly trivial...like most ‘super-stars’ knowledge-based innovation is temperamental, capricious, and hard to manage (Drucker, 1985: 35).

The Economist’s 1999 Survey on Innovation in Industry ([February 18, 1999](#)) noted

Governments still tend to view innovation as a pipeline. If public money is stuffed into basic research in universities and national laboratories at one end, they reckon, new technology and commercial applications should pop out of the other. ([Page ref ????](#))

There have been a number of attempts by Australian Governments to foster R&D spending, though without notable attempts until recently to apply the discipline of ~~entrepreneurship~~ entrepreneurial good practice to ~~entrepreneurial~~ new technology-based small firm (NTSF) creation.

The Department of Industry, Tourism and Resources

Corporate Plan

The Department has a key role in the formulation of innovation policy and in the delivery of initiatives announced in the statement, *Backing Australia’s Ability*, by the Prime Minister.

The Government’s industry policy focuses on innovation as one of the key drivers of economic growth. The Department assists industry to be more innovative through a range of programs such as tax incentives and concessions to assist existing and developing industries; it nurtures emerging knowledge based industries; and increases awareness of the importance of innovation for the future of Australian industry.

Some of the policies that the Department has developed, and the programs which we are administering, are set out in the Portfolio Fact Sheets under *Innovation*.

Source: <http://backingaus.innovation.gov.au>. Accessed 20 October 2004.

Estimates of private returns to firms’ own investment in R&D still produce varying figures, but there is an emerging consensus that gross returns in the

range between 20% and 30% are both common and plausible. Taking account of risk premia required to finance commercial R&D and taking account of depreciation rates on R&D capital, the net private return on R&D investment appears to be broadly comparable with the return on investment in physical capital

- Some of the most interesting and policy relevant evidence concerns the interactions between various elements of the innovation system:
- Business R&D is complementary to public sector civilian R&D—raising investment in one sector stimulates the productivity of the other.*
- The rate at which small firms innovate is dependent on their proximity to university researchers in the relevant fields.*
- A country's ability to absorb foreign technology is enhanced by investment in education and by investment in own R&D.

These latter findings reinforce the view that although the rest of the world provides a huge source of ideas and technologies, a country like Australia cannot rely on a strategy of passive absorption to maintain strong productivity performance. In order to benefit from the global public good of world knowledge, countries need to have well trained scientists, a technologically capable workforce and active engagement in cutting edge research (Dowrick, 2003: 16).

Where is Australia's entrepreneurship policy currently located?

The short answer should be: 'all over the place.' In the Australian policy literature, specific emphasis on entrepreneurship (in the sense of commercialising new knowledge through business creation or associated means) is both rare and fragmented.

In *Investing for Growth*, the Howard Government's Plan for Australian Industry" (DISR, 1997)), the Commonwealth recognised the key role played by the Department of Industry, Science and Resources (DISR). Now renamed and restructured as the Department of Industry, Tourism and Resources (DITR), it has a broad portfolio of responsibilities with the following general aims of:

- improving national prosperity and wellbeing
- improving the competitiveness of Australian business
- foster excellence in Australian science, technology and sport
- maximise the national benefits of research and innovation
- increase productivity investment in Australia

These aims were intended to foster economic advantages that continue to strengthen Australia's international competitiveness. DISR was also aiming to strengthen Australia's national system of innovation, but the Science responsibility (including the CRC Program and CSIRO) has now moved to the Department of Education, Science and Training.

This was followed in 2003 by the Australian Government's Innovation Report, *Backing Australia's Ability*.

The Innovation Report reviews progress in implementing the Australian Government's five year, \$3 billion Innovation Statement *Backing Australia's Ability*, and also reports more broadly on the outcomes from the Australian Government's support for science and innovation, which is currently in excess of \$5 billion annually. The report focuses on the three key elements of

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~~Australia's science and innovation base: developing and retaining skills, research and development, and the commercial application of research.~~

The only references to entrepreneurship in this and other contemporary policy documents was in the National Innovation Awareness Strategy shown in the text box below with the emphasis on encouraging young entrepreneurs. There were no references to entrepreneurship in the DITR Corporate Plan and list of programs also shown in a text box below. There are frequent references to innovation, but the general tenor of the references suggests a meaning closer to invention than to BIG-I innovation wealth creation. The DITR research commercialisation programs have been similarly shown in a [later](#) text box. ~~-(Refs ???)-~~

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The Department of Industry, Tourism and Resources

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Source: <http://backingaus.innovation.gov.au>. Accessed 20 October 2004.

Support for industry research

As pointed out earlier by Gregory (1993) and later in the Boston Consulting Group (Pappas et al., 1991) study, Australia has a reasonable record in public funding of research and development but a very poor record of business investment in R&D. AusIndustry is the Commonwealth industry support agency. AusIndustry specifically does not target or intend to target start-up businesses with its programs. In addition to this, AusIndustry states that "innovation is 'through research and development'".

~~This is shown by low ratio — only 0.45, one of the lowest for any OECD country — of BERD (Business Expenditure on R&D) to GERD (Gross Expenditure on R&D). Recent econometric studies have shown the close relationship between technology absorptive capacity of nations and the proportion of their research scientists and engineers employed by business (Yencken and Gillin, 2003).~~

The key agency for the support of business R&D is the Industrial Research and Development Board. AusIndustry's aims as the Commonwealth Government's central point for business assistance and information, in light of the national objectives shown above, are to support innovation, R&D and commercialisation of that R&D through encouragement of a venture capital industry. These programs are:

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- targeted at a particular sector
- designed to assist businesses generally
- address market failures
- remove impediments to competitiveness

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Backing Australia's Ability Commercialisation Initiatives

PART 4 – Commercial application of research

PROVIDING CAPITAL FOR COMMERCIALISATION

Innovation Investment Fund

Pooled Development Funds

Venture Capital Limited Partnership

Renewable Energy Equity Fund

RESEARCH TO INVESTMENT READY STAGE

Pre-Seed Fund

Commercialising Emerging Technologies

Biotechnology Innovation Fund

Building Information Technology Strengths

BUILDING LINKAGES TO FACILITATE COMMERCIALISATION 74

Cooperative Research Centres

Australian Government Space Forum

Intellectual Property Awareness

Intellectual Property Protection

ENCOURAGING COMPANIES TO INNOVATE

Innovation Access Program

Information Technology Online

Pharmaceutical Industry Investment Program

New Industries Development Program

Shipbuilding Innovation Scheme

Textiles, Clothing and Footwear Strategic Investment Program

Automotive Competitiveness and Investment Scheme

Energy Efficiency Best Practice Program

Renewable Energy Commercialisation Program

Source: <<http://backingaus.innovation.gov.au>>. Accessed 20 October 2004.

~~AusIndustry specifically does not target or intend to target start up businesses with the above programs. In addition to this, AusIndustry states that innovation is 'through research and development'.~~

The IR&D Board's objectives are that:

- By 2006, Australia will be a highly competitive location for R&D
- By 2006, Australia will have developed a viable capital market for early stage, technology-based small to medium sized enterprises
- By 2006, Australia will have encouraged the development of a wide range of investor-ready companies with strong technology, superior leadership and managerial skills.
- By 2006, Australia will have a strategic set of internationally successful high-technology industries.

Its programs are summarized in the following text box.

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National Innovation Awareness Strategy

How will this initiative contribute to innovation in Australia?

The National Innovation Awareness Strategy (NIAS) aims to raise the profile of science and technology, innovation, commercialisation and entrepreneurship in Australia and increase public awareness of their benefit to our economic, environmental and social development.

NIAS's main objectives are:

- to increase awareness of the importance of science and technology, innovation, commercialisation and entrepreneurship to our country;
- to highlight the outstanding contributions to science and science education made by our researchers and science teachers;
- to facilitate community discussion on contemporary developments in innovation, science and technology;
- to encourage our young people to consider studying science, engineering and technology, innovation, and entrepreneurship beyond the compulsory years of schooling,
- to attract more young people into entrepreneurial careers; and
- to foster more informed business decision-making through greater awareness of the importance of innovation and the role of science and technology.

Details of the initiative

The initiative provides \$35 million over 5 years and will support a range of grants and awards through an integrated strategy to raise interest in innovation and science. The Strategy is funded jointly with the science and innovation elements respectively administered by the Departments of Education Science and Training, and Industry Tourism and Resources.

NIAS supports the Prime Minister's Prizes for Science, which were introduced in 2001. They are Australia's most important awards to Australian scientists and science teachers.

Other NIAS components include two Eureka Prizes for science communication, which raise the profile of Science and Scientists in the community; the Rio Tinto Science Olympiads, which encourage thousands of students annually to participate in high quality extension programmes in science and mathematics; and "Science meets Parliament", an opportunity for scientists and parliamentarians to gather to discuss issues of national importance.

NIAS supports major initiatives such as the Australian Innovation Festival and National Science Week to increase community awareness of the benefits and role of science and innovation. National Science Week is delivered through partnership arrangements with organisations such as the Australian Science Teachers Association and CSIRO Education. NIAS' National Science Week grants programme was extended from 2002 to enable it to reach even further into the community. It is supporting the expansion of business-led Young Achievement Australia enterprise skills programme, and also supports the establishment of business plan competitions in tertiary education institutions.

NIAS delivers Questacon's Regional Awareness Programme "Smart Moves", which promotes the importance of innovation to students and teachers throughout rural and regional Australia and informs students of potential careers in leading-edge fields.

The Strategy continues to develop through expert guidance from the National Innovation Council, and complements existing Government programmes including Enterprise Education (DEST).

Source: <http://backingaus.innovation.gov.au/default2001.htm>. Accessed 20 October 2004.

Backing Australia's Ability Commercialisation Initiatives

Industry Research and Development (IR&D) Board

Every year, some very clever, even cutting-edge projects come out of assistance programs funded by the Australian Government. These commercial success stories help to boost Australia's international reputation for innovation and smart ideas which, in many cases, only needed a helping hand to get up over the commercialisation hurdle. Their success also sends a clear message to international investors that Australia is serious about capitalising on its world-class research and development.

The Industry Research and Development Board is one of the main bodies helping Australian firms work towards that ideal. It is an independent statutory body that administers specific Australian Government programs to encourage and support innovation in industry.

The Board was established on 1 July 1986, under the *Industry Research and Development Act 1986*. Its mission is to increase the number of successful technology-based enterprises in Australia by supporting their performance and commercialisation of research and technical development..

These programs aim to increase the level of research and development (R&D) activity undertaken in Australian industry and to improve the commercial success of R&D outcomes.

Through its various committees, the Board administers the Government's R&D support programs. The role of the Board, however, encompasses more than just delivering programs. Rather, it is about promoting innovation as a means to secure tangible outcomes for industry and the economy.

R&D Start and the new Commercial Ready program

R&D Start is a competitive, merit based grants and loans program that supports businesses to undertake research and development and its commercialisation. The Australian Government is providing more than \$1 billion to 30 June 2011 for the new [Commercial Ready](#) program. Commercial Ready forms part of the Backing Australia's Ability - Building our Future through Science and Innovation \$5.3 billion package to follow on from the \$3 billion Backing Australia's Ability strategy announced in 2001.

R&D Tax Concession is a broad-based, market driven tax concession which allows companies to deduct up to 125% of qualifying expenditure incurred on R&D activities when lodging their corporate tax return. A 175% Premium (Incremental) Tax Concession and R&D Tax Offset are also available in certain circumstances. This program forms part of the Backing Australia's Ability - Building our Future through Science and Innovation \$5.3 billion package to follow on from the \$3 billion Backing Australia's Ability strategy announced in 2001.

Source: <www.industry.gov.au. Accessed November 2004.

~~AusIndustry's aims as the Commonwealth Government's central point for business assistance and information, in light of the national objectives shown above, are to support innovation, R&D and commercialisation of that R&D through encouragement of a venture capital industry. These programs are:~~

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- ~~•designed to assist businesses generally~~
- ~~•address market failures~~

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- remove impediments to competitiveness

AusIndustry specifically does not target or intend to target start up businesses with the above programs. In addition to this, AusIndustry states that innovation is 'through research and development'.

The IR&D Board's objectives are:

- By 2006, Australia will be a highly competitive location for R&D
- By 2006, Australia will have developed a viable capital market for early stage, technology based small to medium sized enterprises
- By 2006, Australia will have encouraged the development of a wide range of investor-ready companies with strong technology, superior leadership and managerial skills
- By 2006, Australia will have a strategic set of internationally successful high technology industries.

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The programs selected for case analysis

The text box below ("[Grow Your Small Business](#)") gives short descriptions of the programs available to help [small](#) businesses to be more innovative.

Two selection criteria

In selecting the programs for assessment we looked at two factors. The first was that all the programs should come from a single government department. In this way we can eliminate any potential overlap due to political considerations. The second factor was to target programs that have been described by the Commonwealth themselves as promoting innovation or building entrepreneurial ventures. Using these criteria we have selected a number of programs from within AusIndustry, a division of the DITR. AusIndustry funds a number of programs designed to foster innovation and entrepreneurship in Australia. The programs we have selected for analysis come from AusIndustry's "Venture Capital" and "Innovation Products" streams. The programs are the following:

- Innovation Investment Fund (IIF)
- Pre-seed fund
- Commercial Ready (formerly START) program
- Commercialising Emerging Technologies (COMET)
- Pooled Development Funds (PDF)
- Tax Concession

Brief descriptions of each program and its objectives have been shown in the text box below headed *Grow your small business*. We have also included the [Co-operative Research Centres \(CRC\) Program](#) which *used* to be administered by DITR. [Though the administrative arrangements of the CRC programme have changed, it is desirable to consider it as part of a structured portfolio as intended by its AusIndustry progenitors. Importantly, about six hundred SMEs are or have been involved with CRCs.](#)

The CRC Programme was established in 1990 to improve the effectiveness of Australia's research and development effort. It links researchers with industry to focus R&D efforts on progress towards utilisation and commercialisation. The close interaction between researchers and the users

of research is a key feature of the programme. Another feature is industry contribution to CRC education programmes to produce industry-ready graduates.

When all CRCs from the 2002 selection round are established, there will be 69 CRCs operating in 6 sectors: environment, agriculture, information and communications technology, mining, medical science and technology and manufacturing. For more information on each CRC, visit the [CRC information page](#).

Over the past 12 years, participants have committed more than \$7 billion (cash and in-kind) to CRCs. This includes \$1.8 billion by the Australian Government, \$1.8 billion by universities, \$1.3 billion by industry and almost \$1 billion by CSIRO.

(Source: www.crc.gov.au. Accessed 16 November 2004.)

Grow your small business

AusIndustry provides a range of products designed to assist small businesses to become innovative and internationally competitive.

[Commercial Ready](#)

Commercial Ready is a competitive merit-based grant program supporting innovation and its commercialisation. It aims to stimulate greater innovation and productivity growth in the private sector by providing around \$200 million per year in competitive grants to small and medium-sized businesses (SMEs) between 2004-05 and 2010-11. It offers industry a single entry point to competitive grants for early-stage commercialisation activities, research and development (R&D) with a high commercial potential, and proof-of-concept activities. **To be the first to receive information about the Commercial Ready program, [click here](#) to subscribe to email updates.**

[Commercialising Emerging Technologies \(COMET\) from 13 September 2004](#)

COMET is a competitive, merit based program that supports early-growth stage and spin off companies to successfully commercialise their innovations. This webpage is for customers who are applying for the COMET program from 13 September 2004 onwards.

[Pre-seed fund](#)

The Pre-Seed Fund program has established four early-stage venture capital funds to invest in projects or companies spinning out from universities or government agencies. The funds are managed by venture capitalists experienced in research commercialisation and the development of sustainable businesses. These managers will acquire an equity interest in the companies or projects, and will provide management and technical advice to develop the commercial potential of the technology. The maximum investment in any project or company is \$1 million. It is expected that the managers will eventually divest their interest in successful projects and companies to later-stage investors.

[Innovation Investment Fund \(IIF\)](#)

Innovation Investment Fund is a Venture capital program that invests in nine private sector venture capital funds to assist small companies in the early stages of development to commercialise the outcomes of Australia's strong research and development capability.

[National Australian Technology Showcase \(ATS\)](#)

Australian Technology Showcase is a national and international campaign designed to promote leading-edge Australian technology and the skills of the companies that produce them.

[Pooled Development Funds \(PDF\) Program](#)

The PDF Program is designed to increase the supply of equity capital for growing Australian small and medium-sized enterprises (SMEs). PDFs are private sector investment companies established under the PDF Act which raise capital from investors and use it to invest in Australian companies.

[R&D Tax Concession](#)

R&D Tax Concession is a broad-based, market driven tax concession which allows companies to deduct up to 125% of qualifying expenditure incurred on R&D activities when lodging their corporate tax return. A 175% Premium (Incremental) Tax Concession and R&D Tax Offset are also available in certain circumstances. This program forms part of the Backing Australia's Ability - Building our Future through Science and Innovation \$5.3 billion package to follow on from the \$3 billion Backing Australia's Ability strategy announced in 2001.

Multiple theoretical frameworks and assessment criteria

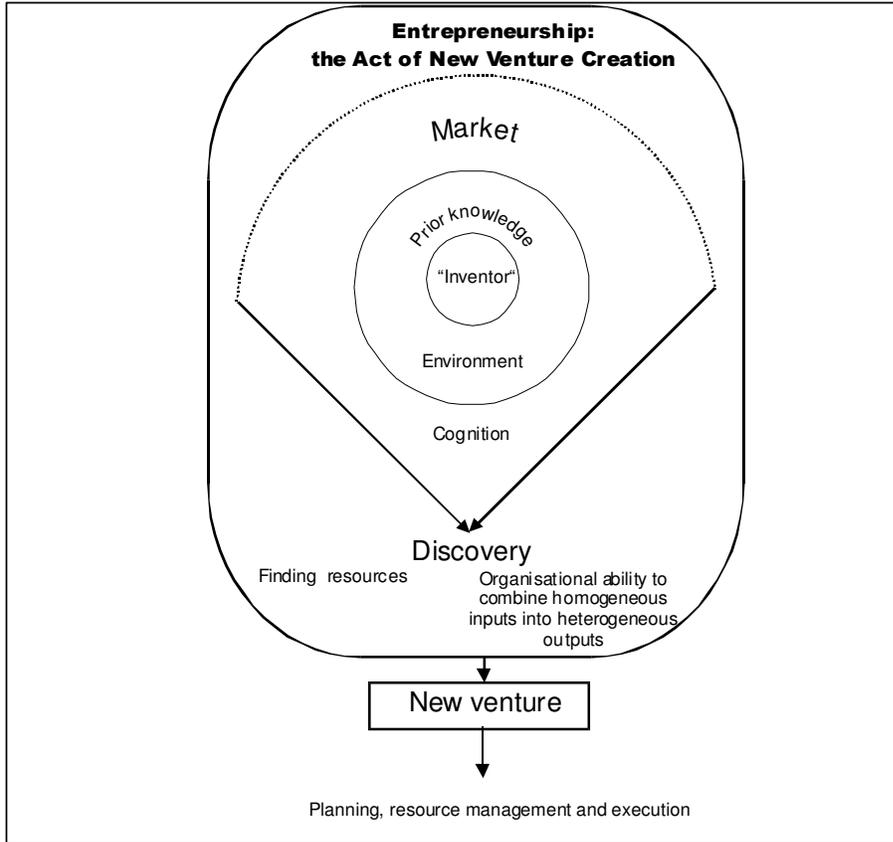
A-Definitional Framework Predicate: Definitions and Specific Focus of the Study

The terms *new venture*, *innovation*, *entrepreneurship* and *commercialisation* have grown over time to mean different activities. As a minimum, they are often the same or closely aligned. However, these terms can be related most constructively seen as phases of the entrepreneurial and innovation process. This paper will assess some of the current programs and frameworks independently and against each other in their contribution to the various phases of development of the processes of entrepreneurship and innovation ~~through~~ with specific focus upon just one possible out-put of the entrepreneurial-innovation process: the generation of New Technology Small Firms (NTSFs). Let us re-emphasise that we do not regard creation of NTSF's as the only or even the best outcome of the many possible outcomes that the entrepreneurship-innovation process can produce (see Shane and Venkataraman, 2000, Hindle 2004). This paper focuses on the NTSF because of its measurement and illustrative benefits as a unit of analysis. With our eye on the creation (and non-creation) of NTSFs associated with policies directly designed to foster them, we apply a ~~This multiple-~~ framework analysis. Our principal analytical aim is will particularly to seek to develop a clear picture of how Commonwealth government initiatives are helping to foster entrepreneurship. Despite its limitations, the NTSF focus provides good evidence for dispassionate judgment.

Peter Drucker defined innovation as "*the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practised*" (Drucker, 2000)). So any government policy that is directed at innovation must take the broader context of entrepreneurship into account. In addition it refers to "*a discipline, capable of being learned, capable of being practised.*" So any policies should take the discipline into account.

The early stage elements of entrepreneurship as the act of new entry are shown in Figure 21.

Figure 1



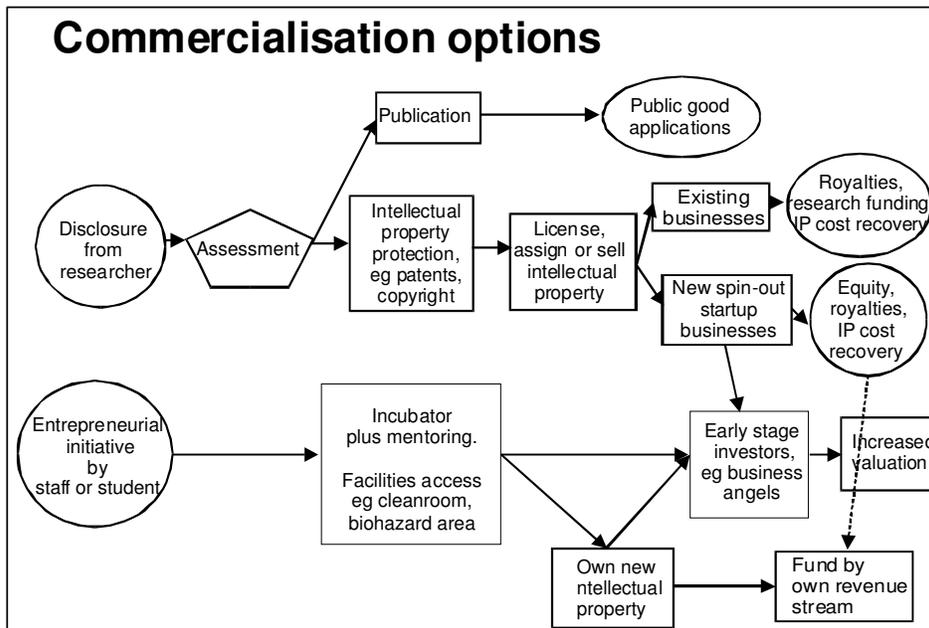
Source: Yencken and Gillin, 2003.

Commercialisation options

The various decision points in the early stages of the entrepreneurial process of commercialisation of a new idea or new knowledge are illustrated in Figure 1. The figure shows two differing processes. The first relates to spin-off companies where there is an ongoing relationship (IP and/or equity) with the research provider parent and the second to entrepreneurial new ventures established by students or other individuals. This latter group of ventures are strongly supported in the European Union as important generators of regional employment and economic growth.

Figure 2.

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First Analytical Framework: A the Financial Framework Perspective

Most government programs provide financial assistance and therefore, a financial framework is used to define where businesses are in the growth cycle. The stages in this framework refer to the type/amount of capital sought at each stage of the model:

<i>Finance/resource source</i>	<i>Finance application</i>
Research provider/researcher	Idea: new knowledge, new solutions to problems
Technology transfer office/specialist, consultants, mentors	Identification and assessment of the opportunity
Pre-seed fund	Technology development, proof of concept, working prototype
Seed fund	Competitor and market intelligence, business model, IP protection, incorporation (legal and accountancy)
Angel	Start-up capital to develop first product and first customer
Early expansion capital	Support marketing, manufacturing and distribution and Mark II and customised product development, recruitment of CEO.
Expansion/development capital	Expansion of operating business
Mezzanine debt	Expansion of operating business and preparation for IPO trade sale or other liquidity event.

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For a few companies, the ability to generate sales revenue almost immediately will avoid the need to dilute equity to obtain the resources needed. For technology asset companies (Stankiewicz, 1994), the marketable outcome is usually a licence rather than the actual supply of a product, process or service. The pattern of finance resource application may differ. Typical these are the new ventures developing new drugs. Their mezzanine finance needs relate to the need for clinical trials rather than to defining and refining manufacturing and distribution activities. These will in time be undertaken by the licensee.

In this framework, the selected government programs will be assessed against their ability to provide financial assistance.

A Management/Start-Up Framework The Second Analytical Framework: A Management/Start-Up Perspective

A number of scholars have sought to identify the ~~the~~ various phases. For the analysis here we have used the framework developed by Stevenson et al. (1999). They defined six phases in the life of a business venture. These ~~stages—phases (figure 1)~~ are based around a management/start-up view of a new venture. There are often not dealt with in a linear fashion and, in practice, entrepreneurs deal with the first three phases simultaneously. The six stages are outlined below.

- Assessing, screening and protecting the opportunity
- developing the initial business concept
- assessing the required resources
- acquiring the necessary resources
- managing and developing the growing business
- harvest.

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In this framework, the selected programs will be assessed on their ability to provide assistance from a management perspective.

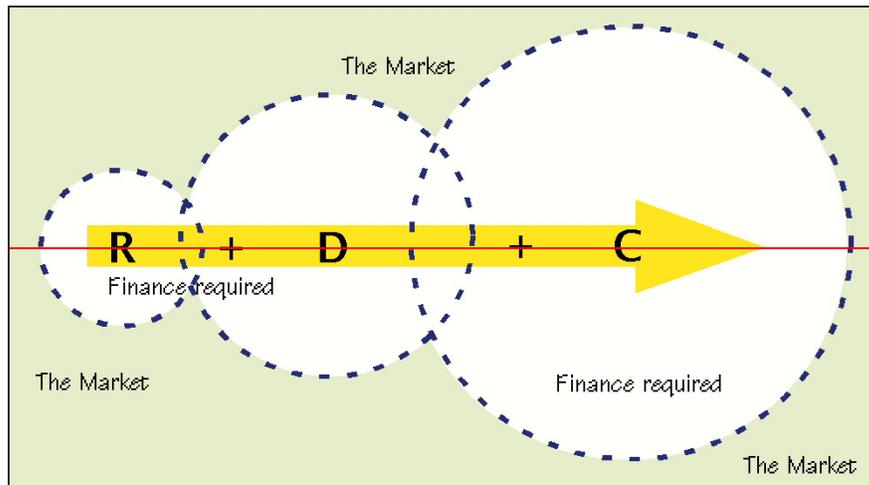
Third Analytical Framework: An the Innovation Framework Perspective

Innovation is "~~the~~ commercialisation of an invention or idea". The paper by Pappas et al. (1991) ~~describes—described~~ a model for innovation which we have elected to use as our framework. A ~~diagramatic~~ ~~diagrammatic~~ representation of the model is shown in Figure 2. One of the most important aspects raised by the Pappas paper is the importance ~~to—of~~ distinguishing between an invention or idea and an innovation. In the broadest possible terms it is not an innovation until someone is prepared to pay for it. All innovation is done within a market context. The innovation process is divided into three phases.

- *Research (R)*, which also includes entrepreneurial activities
 - Identification of a commercial opportunity
 - Assessment of the opportunity
 - Protection of intellectual property
- *Development (D)* which also includes entrepreneurial processes ("E")
 - Invention of product/service/process/solution
 - Develop product/prototype.
 - Conduct field trials/pre-launch evaluation,
 - Assessment
 - Determination of market/customer requirements.
 - Competitor intelligence
 - Protection of intellectual property
- *Commercialisation (C)*
 - Ongoing support of IP protection
 - Identification of first customer and first sale
 - Manufacture and distribution of first product/service/process
 - Ongoing market and competitor intelligence
 - Product customis~~z~~ation
 - Development of Mark II product/service.

In this framework, the selected programs will be assessed on their ability to further innovation.

Figure 3 Research, development and commercialisation



Source: Pappas et al., 1991

An Entrepreneurial Framework Source: Pappas et al., 1991

Fourth Analytical Framework: An Entrepreneurial Perspective

The Global Entrepreneurship Monitor (GEM) is a global research program studying the relationship between entrepreneurship and economic growth (7). While not a participant in the first round of the study, Australia has been an annual GEM participant since the year 2000 (see Hindle and Rushworth, 2004). in the current round. GEM proposes a model of entrepreneurship in the context of economic growth. We have elected to use this model as to provide our entrepreneurial framework perspective for two reasons.

~~The first is that it is a model proposed by some of the field's leading proponents (the authors are from Babson College, the London Business School and the Kaufmann Foundation see Reynolds et al 2004) and secondly because it is related to economic growth. The Howard paper on Investing for Growth (DITR, 1997)) clearly links policy outcomes with increased economic growth.~~

The model (taken from the GEM 1999-2003 Executive report) has variables that segment into five major groups.

- social, cultural and political context
- general national and entrepreneurial framework conditions
- entrepreneurial opportunity and capacity
- business dynamics
- economic growth.

Given that these major groups cover a great deal of ground we have elected to concentrate on two areas within the model, namely those of entrepreneurial framework conditions and entrepreneurial opportunity and capacity. The specific areas within these are

1. Entrepreneurial framework conditions
 - Availability of financial resources for new firms
 - Government programs designed to support start-ups
 - Education and training for entrepreneurship
 - Effectiveness of technology transfer mechanisms
 - Access to professional support services.
2. Entrepreneurial opportunity and capacity
 - Existence and perception of market opportunities
 - Capacity of individuals to start new ventures

- Skills individuals have to pursue entrepreneurial activities.

In this framework we will assess the selected programs for their ability to deliver in the areas outlined above.

Multiple Framework Analysis Synthesis: A Multiple Framework Critique of Policy and Programmes

This assessment compares various Commonwealth programs against the multiple frameworks described in the previous section.

Financial Framework Perspective

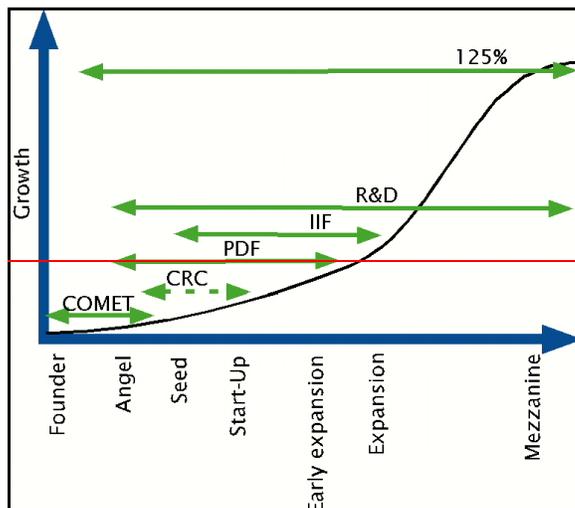
Superficially, the financial framework perspective – represented as the traditional logistical growth curve (or “S” curve – seems to indicate reasonably comprehensive policy coverage of the field. Figure 4 indicates the support that the selected programs supply assessed against this framework. In the framework nearly all the selected programs provide support. The CRC program is directed at cooperation in research, but as such it generates spin-off ventures and provides pre-seed and other initial support before the new venture is parted from its parent (Yencken, 2005⁴). The tax deduction (125 per cent plus) provides support at all levels as does R&D Start with the exception of the founder stage. However, in practice the tax concession is really only effective for companies that have sufficient earnings to pay company tax. We would also assess that R&D Start really only benefits companies from the Start-up stage onwards. The resources needed to apply for the scheme are beyond most New technology-based Small Firms (NTSF) companies. The Pre-seed, IIF and PDF programs fit very well onto this model, but all involve significant dilution of equity.

The findings of a recent Australian Institute of Commercialisation survey for DITR are relevant here (AIC, 2004).

From the results of this survey the existence of a gap in funding at the very early stage is verified by 87% of investors and 88% of clients. Respondents believe there is a demand for finance below \$2.0M that is unmet by the current financial market. From comments provided by respondents, this is not necessarily only the result of a lack of available funding being available for specific equity investment, but also comprise a combination of several other issues.

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Figure 4



ADD PRE-SEED > AMEND CRC

Management/Start-Up Framework Perspective

Table 1 summarises the stages and needs in the Management/Start-up framework where support is provided (or not) by the selected programs in our study.

Table 1 Management/start-up framework perspective

<i>Stage</i>	<i>Pre-seed</i>	<i>IIF</i>	<i>PDF</i>	<i>COMET</i>	<i>CRC</i>	<i>Commercial Ready</i>	<i>Tax concession</i>
Requirement to be incorporated	YES	YES	YES	YES	NO	YES	YES
Assessing the opportunity	NO	NO	NO	NO	NO	NO	NO
Protecting the intellectual property	YES	YES	NO	YES	YES	NO	NO
Developing the business concept	YES	NO	NO	YES	YES	NO	NO
Assessing the required resources	YES	YES	NO	YES	YES	NO	NO
Acquiring the required resources	YES	YES	YES	YES	YES	NO	NO
Managing and developing the growing business	NO	YES	YES	NO	NO	YES	YES
Harvest	NO	YES	YES	NO	NO	NO	NO

Source: Present authors.

The program that clearly shines here is COMET. This is a relatively new program introduced by AusIndustry in November 1999. It has been directed at very early stage ventures and is the only program to evaluate the potential of the applicant ~~to~~ with regard to their perceived entrepreneurial abilities. This analysis is confirmed by the recent review of the COMET program

COMET was substantially expanded under *Backing Australia's Ability* and again under *Backing Australia's Ability – Building Our Future through Science and Innovation*.

A 2002 survey of firms assisted by COMET showed that the program was very successful in encouraging entrepreneurs and enabling firms to achieve their business goals. The network of business advisers is a unique and valuable feature of COMET, and leads to long-term and beneficial changes to firm behaviour. The Australian Government is providing a further \$100 million over the next seven years to continue and expand the highly successful Commercialising Emerging Technologies (COMET) program.

(Source:

<<http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectID=5483ACCB-97CA-1838-61B239AE0868E468>. Accessed November 2004).

The venture capital programs, IIF and PDF assist in the resource side of ~~the~~ a developing business. They would be helpful in providing capital and assisting with the formation of the

management team for example. However, the research based programs, and Commercial Ready do not really help ~~in~~ when viewed from this framework. This is because although they are about innovation, they are much more directed at the *invention* side of innovation and not the commercialisation.

The Pre-Seed Fund program has established four early-stage venture capital funds to invest in projects or companies spinning out from universities or government agencies. The funds are managed by venture capitalists experienced in research commercialisation and the development of sustainable businesses.

Pre-seed finance is essentially needed to reduce risk, whether it be technology, IP or market risk. Most start-up NTSFs are reluctant to give away equity at the pre-seed stage, because of the high level of risks that lead to low valuations. It is too early to assess the effectiveness of this fund in providing pre-seed finance. Its initial weakness is that to obtain access to such finance, the venture has to be incorporated and has to dilute its equity. In these aspects it differs from similar UK initiatives, such as the Challenge fund that flow to the university and are managed by the university. Recent Australian case studies of university spin-offs have shown that the larger research profile Australian universities have established their own, usually small, internal pre-seed funds, often drawing on past commercialization earnings as the source of finance (reference needed) ([Yencken and Ralston, Forthcoming](#)).

Innovation Framework Perspectives

Figure 5 below indicates where the selected programs provide support in this framework. The solid vertical bars show the coverage of the selected Commonwealth programs. The broken vertical bar indicates where cover is provided by research provider business development people or other, mainly [Australian Institute of Commercialisation](#) or State government, programs. These are however primarily focused on training and consultancy type support and do not contribute to early stage finance needs.

~~CRCs~~ CRCs with commercially experienced Chairs and Board members—and now more focussed on generating economic benefit—can and do cover ~~the~~ both the “R” and the “D” stages and even the start of the “C” stage, including ~~the~~ technology development and opportunity identification and assessment activities, including and IP protection For new ventures that are not generated out of ~~CRCs~~ CRCs, the Pre-seed Fund is the only program of the ones selected that helps to fund the technology development stage of “D”, that includes proof of concept and working prototype development. Other research by one of the authors (Yencken and Gillin, 2004) has shown that CRC spin-off companies generally are not set loose without considerable planning and initial resources. COMET operates in parallel on the commercial aspects of opportunity assessment (competitor and market intelligence, business model and to amore limited extent IP protection).

IIF and PDF are clearly focused on the later “C” market development stages. For biotechnology and other companies developing new drugs, this source of funding is needed to finance Phase 1 clinical trials. Commercial Ready (the successor to START) supports both applied research in new ventures and applied research leading to innovations by established companies. Tax concessions are clearly only effective for established companies that have taxable profit streams.

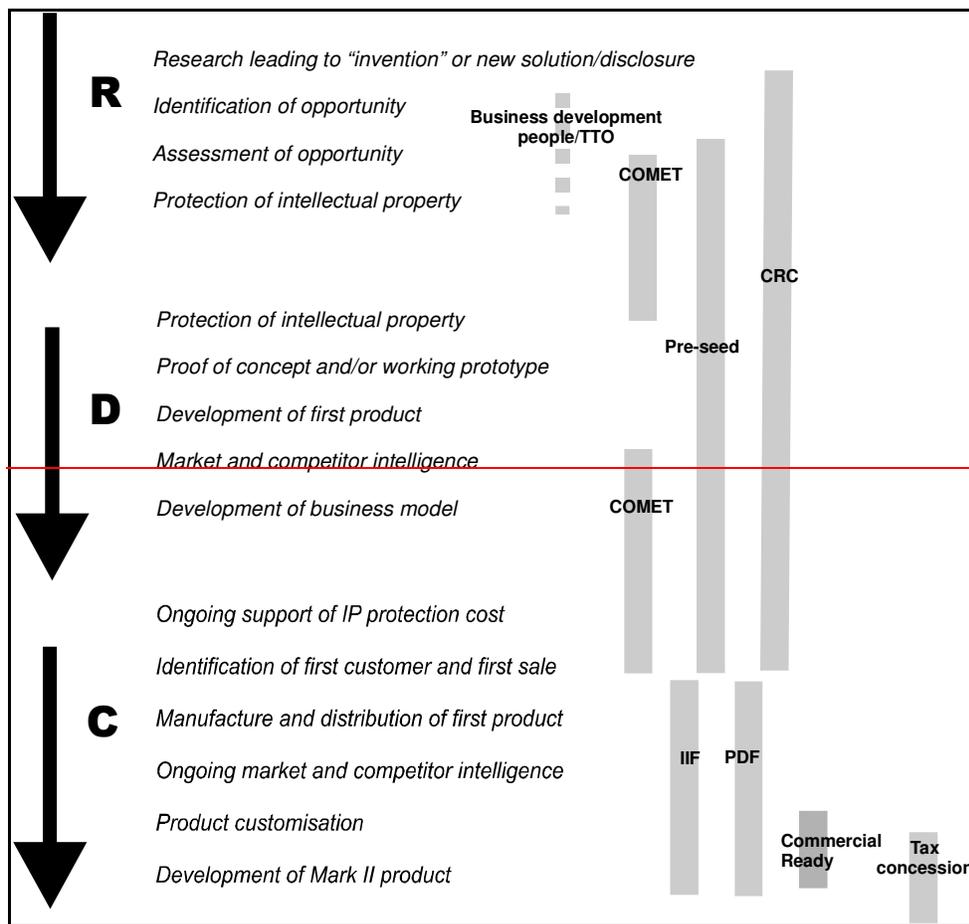
Except for CRCs, the programs selected show a big gap in support for the initial phases of opportunity identification and assessment and for initial IP protection—essentially the entrepreneurship or act of new entry phase (Figure 2 and Lumpkin and Dess, 1996). The high cost of initial IP protection can be a heavy burden on universities and a deterrent to commercialisation of research outcomes (Larkins, 2002). For universities and other public research agencies, support in this entrepreneurial phase is usually provided by business

development staff in technology transfer offices or deployed close to groups of researchers, usually funded out of other research provider funds. In some States there have been a few instances of such business development people being funded by State governments for limited periods—for example, in Victoria for ~~at~~ RMIT and Deakin Universities.

For new ventures which have been started by individual entrepreneur(s) or spin-offs by staff or students with no parent research provider IP or equity, the available sources of financial support again lie outside the ambit of the DITR programs considered in this paper. Some of them have access to incubator programs such as the Commonwealth Government *Building on IT strengths* (BITS) Incubator Centres program. They also have access to State government initiatives such as the Victorian Government Technology Commercialisation Program (TCP)—now succeeded by the *Building Innovative Businesses Program*—under which selected consultants were subsidised as TCP Partners to provide²² intensive management assistance, internationally focused market support and access to private sector equity” (Scitech, 2002: 247). However history has shown the lack of success in Australia of external consultants finding IP based opportunities in universities.

Few TCP Partners set out to specifically address the commercialisation of public sector research and their limited attempts were relatively unsuccessful in generating technology opportunities from public sector R&D (DIIRD, 2004: 10).

Figure 5 The innovation framework.



Source: Present authors

GEM Framework perspective

Table 2 summarises support provided by the selected programs against the GEM framework perspective.

Again the program that shines here is COMET, and undoubtedly because of its focus on the entrepreneur as well as the project. It could be argued that Pre-seed Fund, IIF and PDF's also assess the quality of the entrepreneur, however, this is in the whole context of a venture. The founder may actually not be part of the management team. The IIF and PDF's also fulfill some of the framework criteria in that they provide financial assistance directed at start-up companies. The so-called "innovation" products that are primarily directed to R&D promotion (Commercial Ready and the tax concession) provide support for established entities but very little assistance in the entrepreneurship act of new entry stage under this entrepreneurial framework. Many (but not all) of the CRCs are also strong contributors to these criteria (CRCA, 2002).

Table 2. *GEM framework perspective*

Criteria	Pre-seed	IIF	PDF	COMET	CRC	Commercial Ready	Tax concession
Availability of financial resources for new firms	YES	YES	YES	YES	NO	YES	YES
Government programs designed to support start-ups	YES	YES	YES	YES	NO	NO	NO
Education and training for entrepreneurship	NO	NO	NO	YES	NO	NO	NO
Effective technology transfer mechanisms	NO	?	?	YES	YES	NO	NO
Access to professional support services	?	YES	YES	YES	YES	NO	NO
Existence and perception of market opportunities	?	NO	NO	YES	YES	NO	NO
Capacity of individuals to start new ventures	NO	NO	NO	YES	NO	NO	NO
Skills individuals have to pursue entrepreneurial activities	?	NO	NO	YES	?	NO	NO

~~Again the program that shines here is COMET, and undoubtedly because of its focus on the entrepreneur as well as the project. It could be argued that Pre seed Fund, IIF and PDF's also assess the quality of the entrepreneur, however, this is in the whole context of a venture. The founder may actually not be part of the management team. The IIF and PDF's also fulfil some of the framework criteria in that they provide financial assistance directed at start up companies. The so-called "innovation" products that are primarily directed to R&D promotion (Commercial Ready and the tax concession) provide support for established entities but very little assistance in the entrepreneurship act of new entry stage under this entrepreneurial framework. Many (but not all) of the CRCs are also strong contributors to these criteria (CRCA, 2002).~~

Interesting to note is the ~~criteria~~-critereon of "Existence and perception of market opportunities". A recent article by one of the authors (Hindle, 2004) provides research-based guidelines for SME practitioners seeking to manage the process of opportunity, discovery, evaluation and exploitation. There is no Australian government program that specifically helps in this area. The ability to identify market opportunities is of fundamental importance to the creation of new ventures and entrepreneurship. In universities and other public research agencies, the trigger that leads to an identification of a commercial opportunity is almost always internal to the parent organisation (Yencken and Gillin, 2003). The critical resource is the technology transfer office and its business develop-ment people. Attempts in Australia to subsidise outside consultants to identify such opportunities have not been successful. (???)

Do Current Programs Adequately Foster Entrepreneurship?

Governments are failing to foster entrepreneurship

The multiple framework approach now permits a return to the primary question:

'Do federal government policies and programs do a good job in fostering entrepreneurship?'

The short answer is no.

From the analysis it is clear that AusIndustry's programs *seem* to be working well and meeting genuinely entrepreneurial objectives *if they are considered solely within the context of the financial and innovation frameworks*. However the program suite can be seen to be working poorly from the perspective of the management/start-up and entrepreneurial frameworks.

The case analysis of this paper identifies clear gaps in Australia's current regime of federal government entrepreneurship support programs (Table 3).

Table 3 The gaps in the program suite

Gap	Framework
Existence and perception of market opportunities	Entrepreneurial
Screening and assessing opportunities	Management/Start-up
Protecting intellectual property	Management/start-up
Financial support for founders of new ventures, including small amounts of pre-seed finance	Financial
Determine market/customer requirements and competitor intelligence	Innovation
Limitation access to incorporated entities only	Entrepreneurial
Championing of individuals	All

Summary: the dominant conceptual problem is technology push versus market pull

This single phrase succinctly summarises the generic problem with Government policy in fostering entrepreneurship. Australia is the land of inventors, the great Aussie battlers who are able to solve most problems using some combination of fencing wire and hay bind. We also have a long tradition of world class research, especially in medicine. Australia is also a land rich in natural resources and as such we have been able to provide ourselves with a comfortable standard of living. These factors have generated a society that prides itself on its ingenuity, but is **not always** able to capture the potential commercial gains that may flow from these endeavours.

This history colours the way in which we tackle national policy relating to entrepreneurship and fostering new ventures. We are ~~supremely good at~~ strong exponents of "Technology Push". The programs we have studied all operate on this premise. Something has been invented, whether through the endeavours of a lone maverick or a multi-institution coordinated research project. Then money is found to move this to the development stage, and then finally capital is sought to commercialise the whole thing and take it to the market. **Too often too** little attention is paid to actually finding out if anybody is actually interested to purchase it.

What Australia lacks is the ability to systematically identify opportunities related to the market and harness our inventive power to develop businesses capitalising on these opportunities. We are so focussed on products that we ignore the other real drivers of new venture development, people and the market. The only programs that **have** addressed this problem **is have been** COMET **and more recently** CRCs. It takes a more holistic approach to dealing with new venture opportunities, but it does not provide any help with screening for opportunities. Again, the implicit assumption is that someone will come along with a product that they are looking to move to market.

There is no doubt that Australian governments are well motivated towards the creation of entrepreneurship policy. However, through no fault of their own, Australian public servants

~~(and their political masters)~~, charged with creating and implementing entrepreneurship policy, do not have sufficient ~~training~~**direct experience** in the practical field of business creation or the academic field of entrepreneurship: a field rich in research, literature and theory to which Australian policy makers seem largely oblivious. One attempt (Hindle and Rushworth, 2002) to provide a practical primer for public servants charged with entrepreneurship policy was promoted on the Queensland Government's website for about 18 months but now seems to have been dropped. It would be highly desirable for public servants involved in the area of entrepreneurship policy to become formally acquainted with the literature of the field to a much greater extent than has occurred in the past or is prevalent at the moment. ~~They could begin by reading the compilation edited by David Hart, entitled The Emergence of Entrepreneurship Policy (Hart 2003).~~ Our multi-framework critique of Australian entrepreneurship and innovation policy indicates a lack of specific understanding of the field and numerous gaps that simply do not need to exist if a more systematic and comprehensive understanding of existing knowledge were more widely spread among policy makers.

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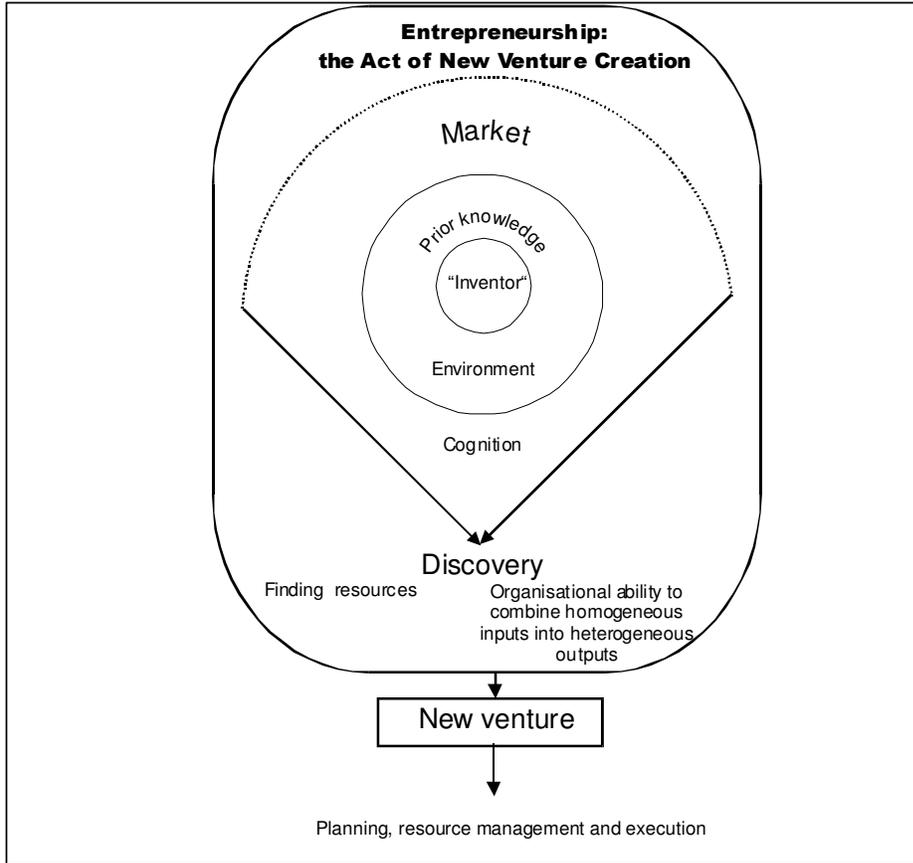
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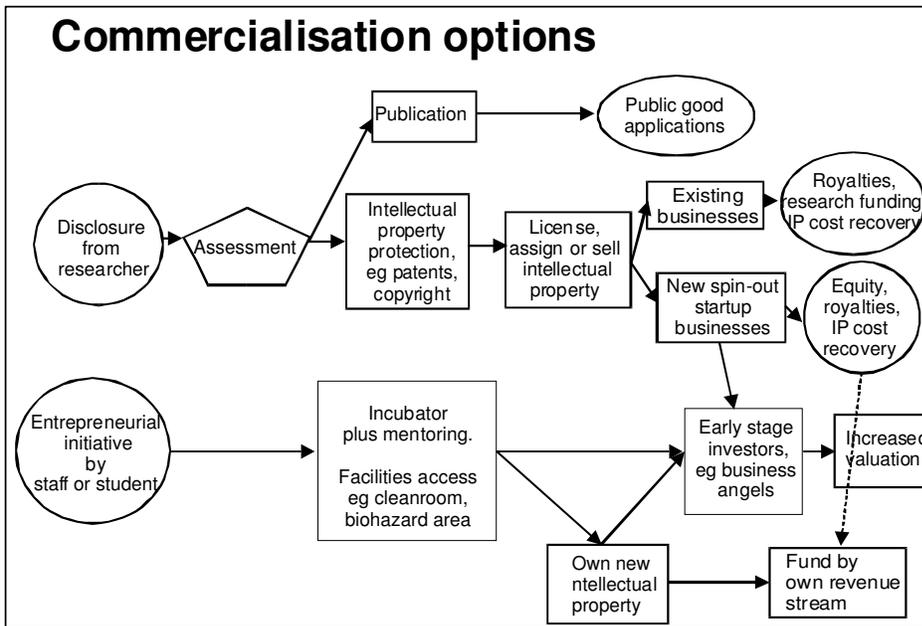
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Figure 1



Source: Yencken and Gillin, 2003.

Figure 2.



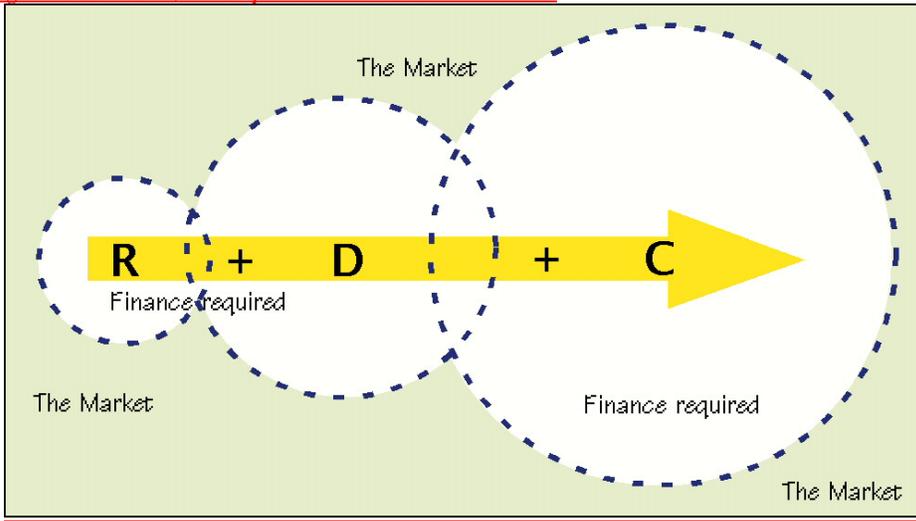
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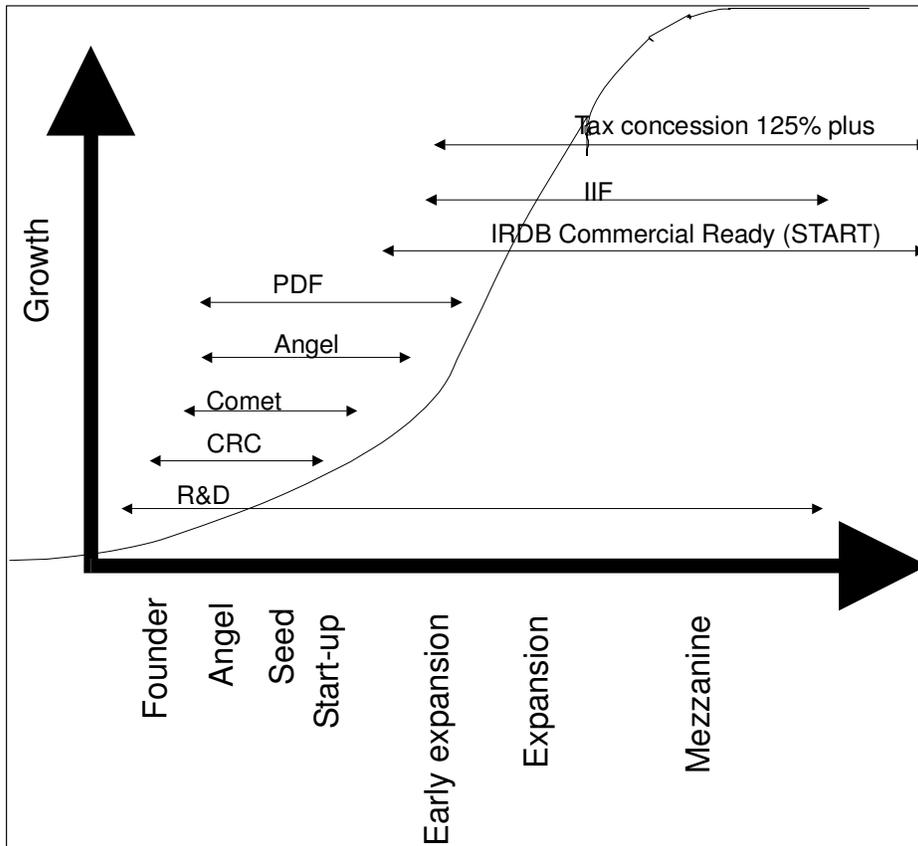
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Figure 3 Research, development and commercialisation



Source: Pappas et al., 1991

Figure 4

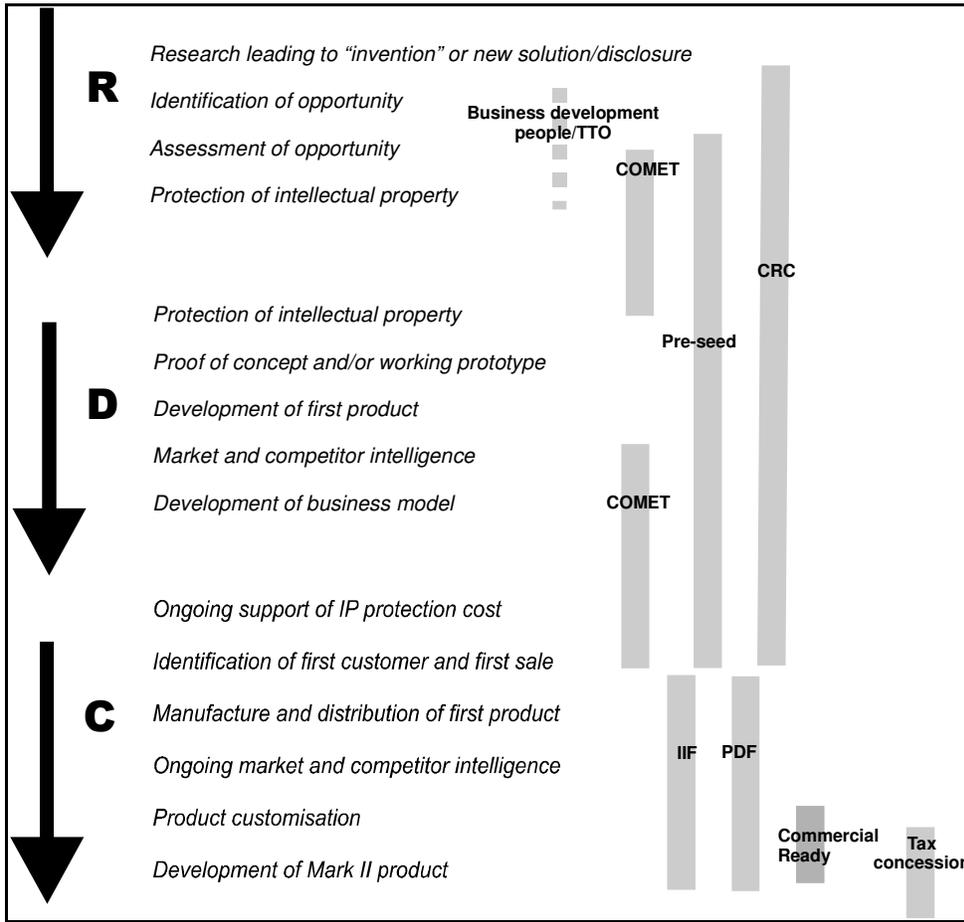


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Figure 5. The innovation framework.



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