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BRITE Project series: Comparing the innovation performance of contractors across Australia

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GROWTH in construction innovation across Australia varies from state to state and the BRITE Project of the Cooperative Research Centre for Construction Innovation has analysed the figures released by the Australian Bureau of Statistics in December to determine which states and territories have the most innovative contractors.



The BRITE Project team has provided *ConstructionIndustryNews.net* with Chart 1 (right) indicating the percentage of construction businesses innovating by state and territory from 2004 to 2005.

Researchers at the CRC for Construction Innovation were assisted by Greg Keane – a regular columnist of *ConstructionIndustryNews.net* – to interpret the chart.

Interpretations of the statistics found that contractors could take some responsibility for the outcomes highlighted in the chart, as their innovation performance had been critically influenced by their internal culture and the predisposition of owners and managers towards innovation.

However, innovation performance is also influenced by the type of projects required by clients and the capability of clients.

According to the BRITE Project team, more complex projects and more capable clients lead to higher innovation opportunities.

Despite the fact that the Australian Capital Territory and the Northern Territory represent very small markets, during the reference period they hosted a number of landmark projects such as the Alice–Darwin Railway.

These projects involve new challenges that create innovation opportunities, according to researchers, and interstate expertise is likely to have been involved with these projects, influencing the behaviour of local subcontractors.

At the other end of the chart, Tasmania's performance is likely to have been dominated by its small local market and associated absence of innovation opportunities.

The opposite effect appears not to dominate in New South Wales, which also has poor performance, according to the statistics.

The result may reflect their large population of contractors, including a large proportion of Australia's smaller contractors.

Smaller businesses are less likely to innovate, so the industry composition in NSW may drag down its overall innovation rate.

According to the BRITE Project team, the NSW result may also reflect the dominance of relatively standard construction projects and/or relatively low levels of technical competency within client organisations, both of which would constrain innovation opportunities.

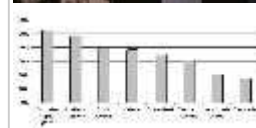


Chart 1: Source: Dr Karen Manley, CRC for Construction Innovation, based on ABS (2006) Cat. 8158.0

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The strong result for South Australia could indicate the existence of competent clients, or landmark projects – particularly projects emphasising positive environmental outcomes – such as the Parafield Stormwater Harvesting Initiative.

However, there is a broader influence as South Australia has the highest rate of innovation in the country, when accounting for businesses across all industries.

The **BRITE** Project team said this might suggest that government initiatives such as the CRC for Construction Innovation and Upskill SA were having a positive effect.

Contractors in Victoria, Queensland and Western Australia share a similar propensity to innovate to those in South Australia.

For Victoria, the result is likely to reflect building construction associated with the showcase Docklands development.

For Queensland, likely drivers include rapid population growth, infrastructure investment, the resources boom and high levels of client competency within government agencies.

For WA, the resources boom and an overheated economy are obvious opportunities for contractor innovation.

Researchers found that there was also some evidence that businesses in WA had a strong desire to "do it their way" and to avoid duplicating the behaviour of their peers in the eastern states, which could drive innovation.

According to the **BRITE** Project team, this cultural desire to be free of tradition has been argued to exist in WA, Queensland and the NT – supporting their strong performance in Chart 1.

Researchers concluded that clearly the location of contractors impacts on their innovation opportunities and performance, yet there is much that management policies can do to improve a company's innovation performance.

The **BRITE** Project team said they believe this is a desirable strategy as innovation drives business growth.



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