

Mull on This

BY WAYNE MULLIGAN

Business is Beautiful



In this article, Wayne Mulligan provides an outline of why FOMANA Capital believes innovation is fundamental to New Zealand and moreover is a key to moving Māori up the value/wealth chain.

So what is innovation? It involves concepts such as advancement, modernism, novelty and originality. It involves experimentation and the application of research, science and technology. Its benefits are the adoption of new technologies to advance productivity and the attraction of well-connected businesses for market

commercialisation. It is central to economic advancement and study after study returns the same result: innovative and advanced economies tend to produce higher levels of income and thus re-invest in innovation.

How important is innovation for a prosperous New Zealand?

The reality is New Zealand maybe sliding faster down the key measurements of prosperity. If we cut to the chase, what does this mean?

- Firstly, New Zealand household/wage levels are lower than other comparable countries (OECD).
- Secondly, more and more people leave New Zealand for better conditions –

Australia may ring a bell.

- Thirdly, domestic investment capital remains low (remember hearing that New Zealanders have poor savings rates).
- Fourthly, our businesses struggle to go global.
- Finally, many businesses are caught in a cycle of providing commodities in the low end of the value chain. This helps keep wages low.

The government has recently set up a task force to devise ways to assist New Zealand to get on an equal standing with Australia in terms of income. Admirable – but task forces come and go.

So back to the question – how important is innovation for a prosperous New Zealand? Well, we have tried poverty; we have tried exporting commodities; and neither has inspired the nation nor created wealth. So let's try innovation as a key plank for positively changing the New Zealand economy.

So what's the problem? In New Zealand we have a relatively low uptake of innovation commercialisation. This low uptake and the points listed above are not the core problem; they are products or symptoms of our system. When one gets down to analysing the real problem one comes to the following conclusions:

- NZ is an uninspired nation and operates non-incentivised policies.
- NZers do this because our national attitude and subsequent values towards business and wealth creation are dormant at best.
- NZers are a nation that thinks things should and must happen immediately, and someone needs to pay for it – someone else. This short-term orientation keeps us revolving in a cycle of poor economic performance.

Is it relevant for Māori to pursue innovation?

My first and only point is YES – Ae. Māori are in a unique position. On the one hand, there is the growing asset base, however most of these assets are in the primary sector: farming, forestry, fishing, horticulture etc or are cash transfer (settlement payments). Many of the industry leaders in these primary sectors have done little to add value and move the industry from commodity to high value.

On the other hand Māori and NZ in general are encountering huge swings in productivity and economic growth from developing nations. Most of these nations have larger land resources (so competing here is not going to yield longterm benefits) and are closer to larger markets (we can't change that – we are further from markets than anyone else). So it is reasonable to conclude that tomorrow's solutions and wealth creation will not in many cases come from current exporter or business models.

What actions can Māori take to aggressively drive innovation?

A few things are outlined to assist in the debate:

1. Māori need to take an aggressive stance to taking control of policy in terms of their own primary sector assets;
2. Māori need to re-negotiate how research, science and technology can be applied to their primary sector assets and get the right to new and not so new intellectual property and patents;
3. Māori need to build a marketing approach and get 'ears in the market' so that the voice of consumers is heard, known;
4. Māori need to change their business models to meet consumer requirements;
5. Māori need to partner with foreign investment partners who can assist in realising the above points and give new injection of commercial lifeblood.

EYE ON INNOVATION: Wayne Mulligan presents Koha Magazine at the launch of Koha.biz.

