

# Energy, health sectors need innovation

The second GE Innovation Barometer has been published and includes for the first time opinions of the South African business executives, who identified the energy and healthcare sectors as sectors that can benefit the most from innovation.

The Innovation Barometer is a survey conducted by an independent research firm StrategyOne on behalf of General Electric, the New York Stock Exchange listed industrial and infrastructure components supply company. The research was undertaken during the fourth quarter of 2011 through telephonic interviews with 2800 senior executives across 22 countries, including South Africa. Each country had a minimum of 100 respondents. The executives are either directly involved in innovation at their companies or are decision makers.

## More R&D

South Africans would like to see more government support for research and development and 86% of South African business leaders, in line with the global average, believe that innovation "is the best way to create jobs."

The research found that with the exception of addressing social inequalities, respondents from South Africa are less satisfied than the global average regarding the way their country is allocating resources and budget, most notably in job creation, healthcare and education as well as research and development. Of the South African respondents, 62% expressed confidence with the allocation towards research and development, slightly below the global average of 64%. While 32% of South African respondents expressed satisfaction on allocation to job creation, the global average is 59%.

Commenting on the findings Jay Ireland, president and CEO GE Africa, said, "Investing in innovation will be key in increasing South Africa's level of competitiveness globally and also tapping into the opportunities that come with the country's inclusion into the BRICS membership countries. Government can use the global and local innovative expertise of the private sector to ensure that maximum benefit of the opportunities available is derived."

Business leaders believe that the environment has improved over the past five years, with 71% of the respondents pointing to an improvement. South African executives cite easy research partnerships with universities as a key driver to innovation, followed closely by an appetite for risk and innovation among younger generations. The factors that business leaders identify as hindering innovation includes the lack of intensity and efficiency of government support as well as speed with which innovations are brought to market.

## Markets identified

South African executives and their global peers have identified energy industries and healthcare, two markets in which GE operates, as sectors with the most innovation-driven growth potential. Telecommunications and construction industries are the other sectors seen as likely to benefit the most from innovation. In South Africa, the financial services as well as retail and distribution industries rank higher than the global average as sectors that can derive the most growth from innovation.

The economic crisis has led to a more pronounced shrinking of the funding pool for research and development with more South African respondents reporting a decline in access to both public funds and venture capital than their global peers.

## Key drivers of innovation

When asked to identify key drivers of innovation over the next decade, South African business leaders, more than leaders in other markets, felt that a "combination of players partnering together" would be an effective driver of innovation. 27% of local respondents point to small and medium enterprises as drivers of innovation, roughly in line with a global average of 28% while only 12% believe large companies will drive the process, compared to 21% in across the other jurisdictions.

The respondents rank United States, Germany, Japan and China accordingly as being the global hotbeds of innovation.

For more information, go to [www.GE.com/innovationbarometer](http://www.GE.com/innovationbarometer).

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