

Innovation activities in enterprises

Tirana, 30 June 2021: INSTAT carried out the survey on innovation activity in enterprises with 10 or more persons employed for the reference period 2018-2020. Innovative enterprises are all business entities that introduced a new or improved product or process (or their combination) or had abandoned or suspended innovation activities.

During the period 2018-2020, 36.6 % of enterprises carried out an innovation activity. Innovation activity of the enterprises providing services 41.0 % (sections G, H, J, K, and M of NACE Rev. 2) comparing to enterprises operating in the industrial sector (B, C, D, E of NACE Rev. 2) by 32.1 % (Tab. 1). Compared to the data of the previous innovation survey with reference period 2017-2019, innovation activity decreased by 1.7 % (from 38.3 % to 36.6 %). This decline was observed in enterprises in the industry and services sector respectively by 2.0% and 1.3%. Innovation activity was more present in the group of large enterprises, with over 250 employees with 68.2%.

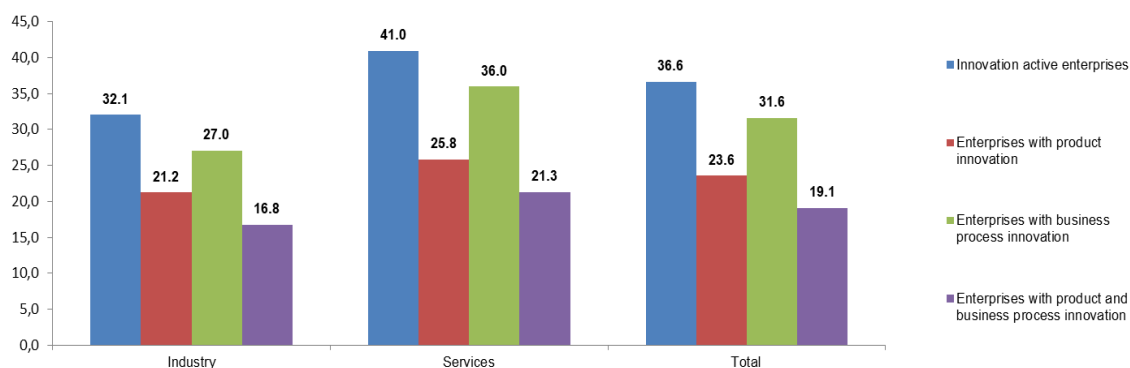
During the period 2018-2020, 63.4 % of the surveyed enterprises do not perform innovation activities. 67.9 % of enterprises operating in the Industry sector are non-innovative, while 59.0 % of enterprises in the services sector are non-innovative.

Tab. 1 Share of innovative and non-innovative enterprises by economic sectors and enterprise size class, 2018-2020

	Innovation-active enterprises (%)	Non-innovative enterprises (%)
Total	36.6	63.4
Economic Activity		
Industry	32.1	67.9
Services	41.0	59.0
Size class of enterprises		
10 - 49 persons employed	32.1	67.9
50 - 249 persons employed	49.0	51.0
250 and more persons employed	68.2	31.8

The highest percentage of enterprises that developed product innovations process innovations and product and process innovations together resulted in the Services sector.

Fig. 1 Percentage of enterprises active in Innovation by economic sectors and type of Innovation, 2018-2020 (%)



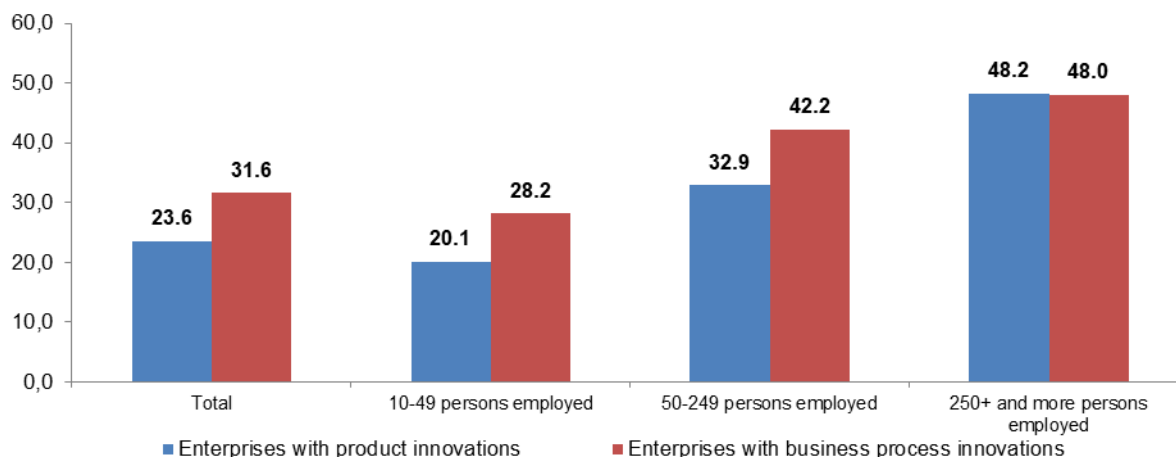
In 2020, the turnover of innovative-active enterprises constituted 55.9 % of the total turnover, and the persons employed 51.9 % of the total persons employed in all enterprises (Tab.2).

Tab. 2 Turnover and persons employed indicators for innovation active enterprises by economic activity and enterprise size class, 2020

	Turnover of Innovation-active enterprises (%)	Persons employed in Innovation-active enterprises (%)
Total	55.9	51.9
Economic activity		
Industry	52.6	46.4
Services	57.5	59.9
Size class of enterprise		
10-49 persons employed	30.3	32.4
50-249 persons employed	69.0	49.6
250+ persons employed	77.2	71.7

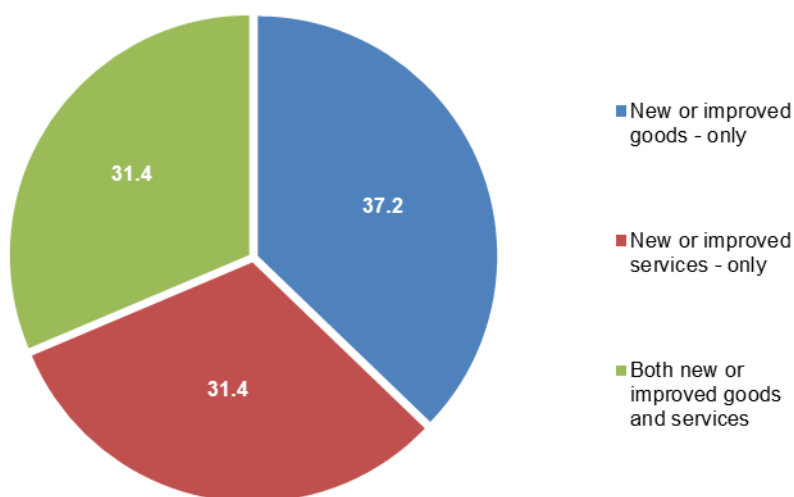
During the 2018-2020 period, 23.6 % of all observed enterprises developed product innovations (new or improved goods or services), while 31.6 % implemented new or improved business processes (Fig. 2).

Fig. 2 Share of enterprises with product and business process innovations by enterprise size class, 2018 - 2020 (%)



Among the enterprises with product innovations, the largest share was of those that during the period 2018-2020 realized on the market only new or improved goods 37.2 %. New or improved services were provided by 31.4 % of the enterprises, while both new and improved goods and services 31.4 % (Fig. 3).

Fig. 3. Structure of enterprises with product innovations by type of innovation product, 2018 – 2020 (%)



During the 2018-2020 period, 42.0 % of enterprises with product innovations realized goods or services that were new not only to them but to the market as well, i.e. not previously offered by their competitors.

In order to carry out their innovation activity, 25.9 % of the innovation-active enterprises were involved in co-operation with other enterprises, scientific organizations, and other partners. For enterprises with 250 or more persons employed, this share was 38.1 %.

During the period 2018-2020, 13.1 % of surveyed enterprises purchased machinery, equipment, or software based on new technology that was not used in these enterprises before.

During the period 2018-2020, 3.6% of innovation active enterprises received financial support from public authorities, while 1.6% of enterprises that did not carry out any innovation received public financial support.

Methodology

The statistical survey on innovation activity is conducted every two year and the observation period covered by the survey is the three-year period.

Units of observation are all enterprises of non-financial and financial sector with 10 or more persons employed engaged primarily in the following economic activities (NACE Rev. 2): Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply; sewerage, waste management and remediation activities; Wholesale trade, except of motor vehicles and motorcycles; Transportation and storage; Information and communication; Financial and insurance activities; Architectural and engineering activities; technical testing and analysis; Scientific research and development; Advertising and market research. In order to measure Innovation activities by enterprises, INSTAT interviewed 1,575 enterprises of all legal forms and types of ownership with 10 or more employees.

Definitions

An innovation: A new or improved product (good or service) or business process that differs significantly from the enterprise's previous products or business processes and that has been implemented on the market or brought into use by the enterprise.

An innovation-active enterprise: An enterprise engaged during the observation period 2018 - 2020 in one or more activities to develop or implement new or improved products or business processes.

A product innovation: a new or improved good or service that differs significantly from the enterprise's previous goods or services and that has been implemented on the market. It includes significant changes to the design of the goods. Simple re-sale of new goods and changes of a solely aesthetic nature are excluded.

A business process innovation: A new or improved business process for one or more business functions that differs significantly from the enterprise's previous business processes and that has been implemented within the firm. Business process innovations include new or improved methods for: producing goods or providing services; logistics, delivery or distribution; information processing or communication; accounting or other administrative operations; business practices for organising procedures or external relations; organising work responsibility, decision making or human resource management and marketing methods for promotion, packaging, pricing, product placement or after sales services.

Innovations should be new to the enterprise concerned, but they do not necessarily have to be new to the market, i.e. the enterprise does not necessarily have to be the first one to have produced these products (goods or services) or introduced these business processes.

Innovation activity: It includes all developmental, financial and commercial activities undertaken by the enterprise that are intended to result in innovations.

Public authorities: Includes local or regional authorities, national government (including central government agencies or ministries), EU Horizon 2020 Programme for Research and Innovation and any other financial support from a European Union institution. Public financial support includes financial support through grants, subsidized loans and loan guarantees. Funding of activities under contract from the public sector is excluded.