

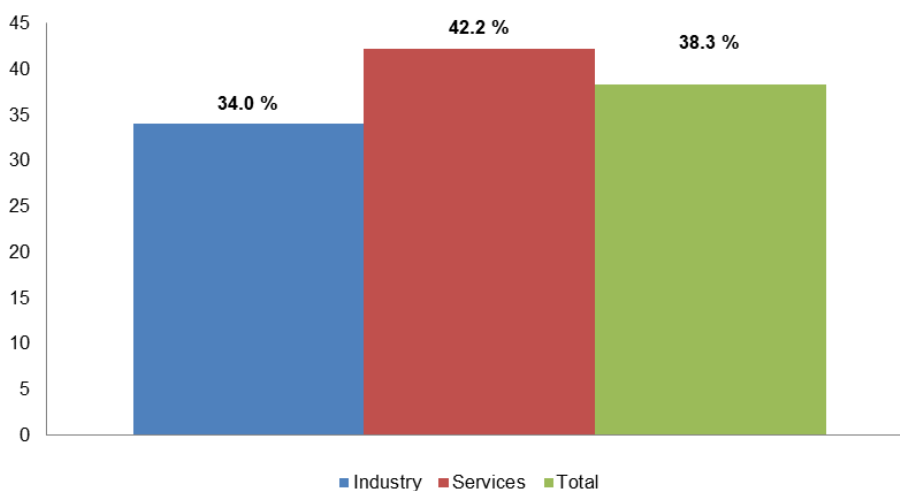
# Innovation activity of the enterprises

## Period 2017 - 2019

**Tirana, 9 November 2020:** INSTAT carried out the survey on innovation activity in enterprises with 10 or more persons employed for the reference period 2017-2019. Innovative enterprises are defined as enterprises that introduced, in the reference period, a product/process innovation or had innovations that were abandoned or unfinished.

During the period 2017-2019, 38.3 % of enterprises carried out an innovation activity. Innovation activity of the enterprises providing services 42.2 % (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 34.0 % (Fig. 1). The largest share of innovation-active enterprises was in the group of large enterprises (with 250 and more persons employed) by 67.9 %.

**Fig. 1. Share of innovation-active enterprises by economic sectors, 2017-2019 (%)**



In 2019, the turnover of innovative-active enterprises constituted 55.8 % of the total turnover, and the persons employed 54.0 % of the persons employed in all enterprises (Tab.1).

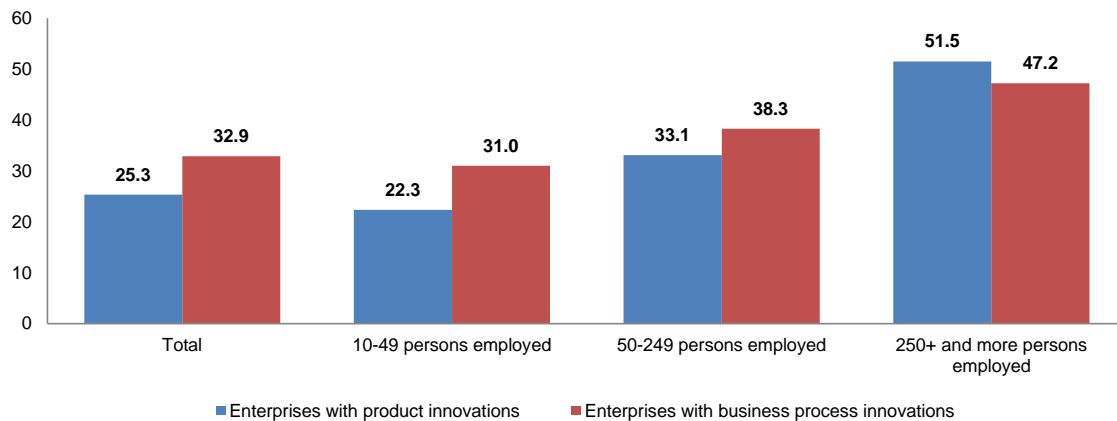
**Tab 1. Turnover and persons employed indicators for innovation active enterprises by economic sector and enterprise size, 2019**

*(Percent)*

|                               | Turnover of innovation-active enterprises | Persons employed in innovation-active enterprises |
|-------------------------------|---|---|
| <b>Total</b>                  | <b>55.8</b>                               | <b>54.0</b>                                       |
| <b>Economic Activity</b>      |   |   |
| Industry                      | 52.8                                      | 53.4  |
| Services                      | 57.5                                      | 55.0  |
| <b>Size of enterprises</b>    |   |   |
| 10 - 49 persons employed      | 44.7                                      | 38.6  |
| 50 - 249 persons employed     | 52.3                                      | 47.0  |
| 250 and more persons employed | 78.7                                      | 77.2  |

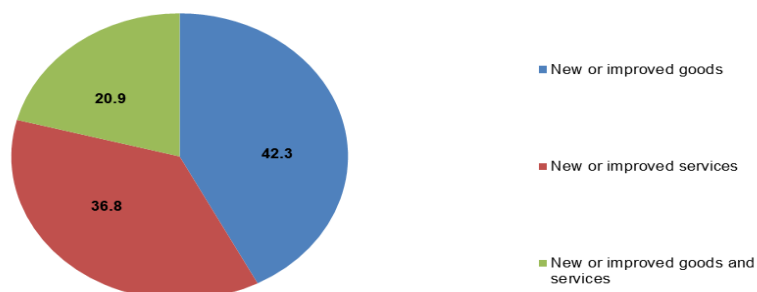
During the observation period, 25.3 % of all enterprises realized product innovations (new or improved goods or services), while 32.9 % implemented new or improved business processes (Fig. 2).

**Fig. 2. Share of enterprises with product and business process innovations by size class, 2017 - 2019 (%)**



Among the enterprises with product innovations, the largest share was of those that during the period 2017-2019 realized on the market only new or improved goods 42.3 %. New or improved services were provided by 36.8 % of the enterprises, while both new and improved goods and services 20.9 % (Fig. 3).

**Fig. 3. Structure of enterprises with product innovations by type of innovation product, 2017 – 2019 (%)**



During the 2017-2019 period, 35.4 % 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, 30.2 % 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 36.9 %.

During the period 2017-2019, 11.3 % of surveyed enterprises purchased machinery, equipment, or software based on new technology that was not used in these enterprises before.

During the period 2017-2019, 61.7 % of the surveyed enterprises did not perform innovation activities. Enterprises operating in the Industry sector are less innovative with 66.0 %, while 57.8 % of enterprises in the services sector are non-innovative.

**Tab. 2. Share of non-innovative enterprises by economic sectors and enterprise size, 2017-2019**

|                               | <i>(Percent)</i>              |                            |
|-------------------------------|-------------------------------|----------------------------|
|                               | Innovation-active enterprises | Non-innovative enterprises |
| <b>Total</b>                  | <b>38.3</b>                   | <b>61.7</b>                |
| <b>Economic Activity</b>      |                               |                            |
| Industry                      | 34.0                          | 66.0                       |
| Services                      | 42.2                          | 57.8                       |
| <b>Size of enterprises</b>    |                               |                            |
| 10 - 49 persons employed      | 35.4                          | 64.6                       |
| 50 - 249 persons employed     | 45.1                          | 54.9                       |
| 250 and more persons employed | 67.9                          | 32.1                       |

# 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.

## 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 2017 - 2019 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.

More information and data from the survey on innovation activity of the enterprises can be found at the NSI's web site: [Innovation activity at enterprises, 2017-2019](#).