

# INNOVATION ACTIVITIES IN ENTERPRISES

2022 – 2024

Based on the Community Innovation Survey in Enterprises, for the reference period 2022–2024, 44.3% of enterprises with 10 or more employees carried out innovation activities. This category includes enterprises that introduced product or business<sup>1</sup> process innovations, as well as those with ongoing or abandoned innovation activities during the observed period.

Innovation activity was higher in the services sector (sections G, H, J, K, and M of NACE Rev. 2), where 46.7% of enterprises reported innovation activities. Meanwhile, in the industry sector (sections B, C, D, and E of NACE Rev. 2), this percentage was 41.6%. Compared with the previous survey for the period 2020–2022, the level of innovation activity increased from 42.9% to 44.3%.

## Services Sector (Fig. 1)

- Information and Communication activities recorded the highest level of innovation, with 67.9% of enterprises being innovation-active.
- Enterprises in Financial and Insurance activities were innovation-active at a rate of 55.1%.

## Industry Sector (Fig. 1)

- Enterprises in Electricity, gas, steam and air conditioning supply activities were innovation-active at a rate of 45.0%.
- In Manufacturing, 43.3% of enterprises were innovation-active.

## By size of enterprises

- Innovation activity was more present among large enterprises with 250 or more employees, where 66.4% carried out innovation activities.
- Medium sized enterprises with 50–249 employees were innovation-active at a rate of 54.3%.

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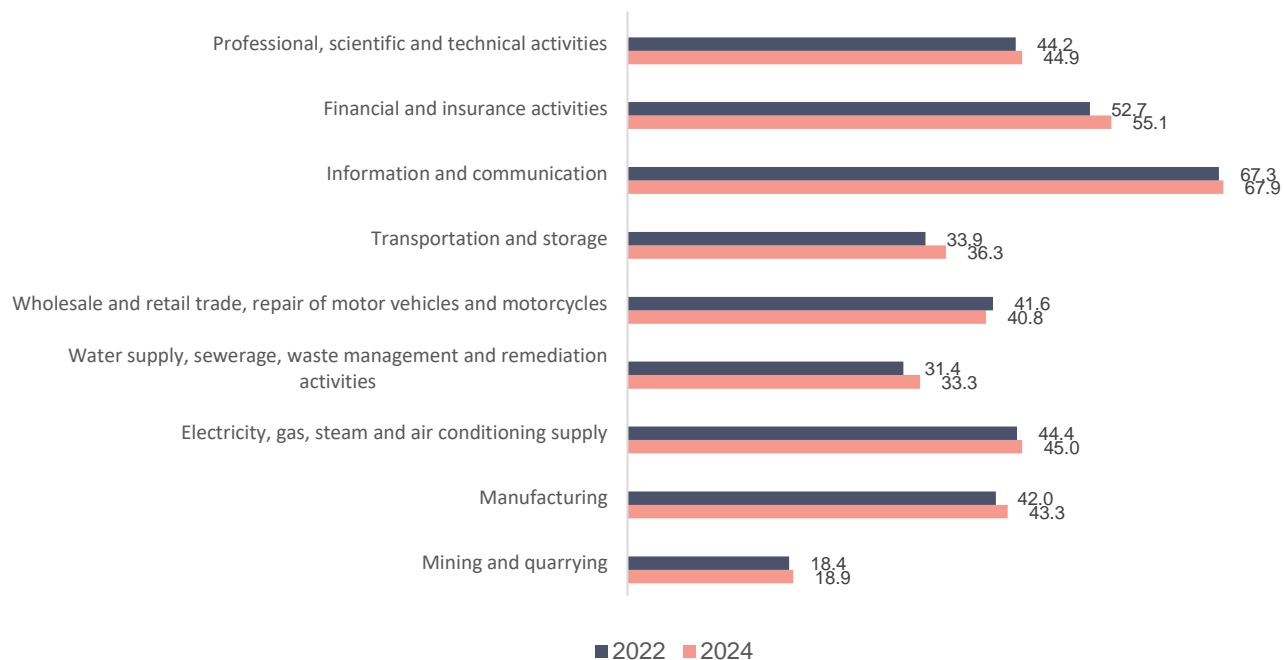
<sup>1</sup> Product innovation is the implementation of a new or significantly improved product, good, or service in terms of its characteristics and intended use, while process innovation is the implementation of a new or significantly improved production or distribution method, including changes in techniques, equipment, and software.

**Key findings on innovation activity compared with the previous period, 2020–2022:**

The survey results show that the increase in innovation activities has had a positive impact on the growth of sales revenue (net turnover) and the expansion of employment in enterprises.

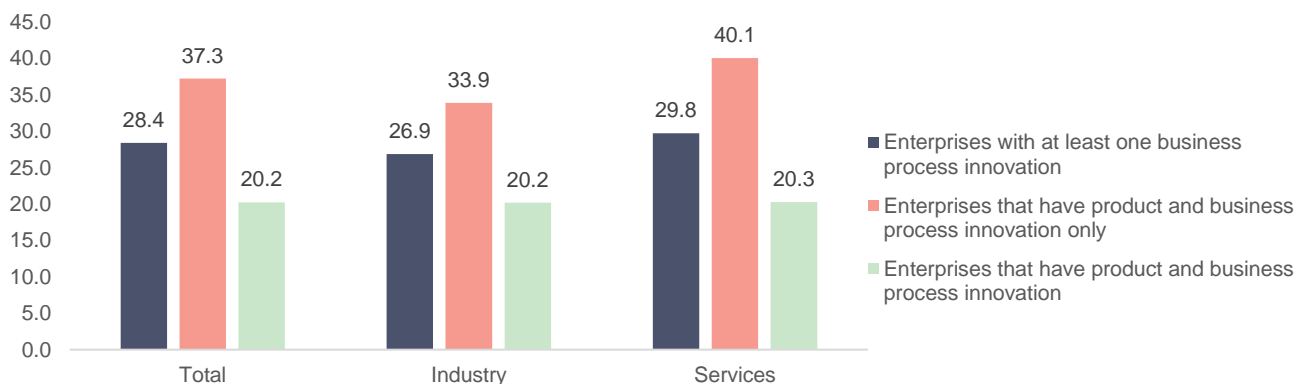
- Turnover generated by innovation-active enterprises increased by 4.1 percentage points. In 2024, these sales accounted for 62.1% of the total net turnover of the surveyed enterprises.
- The number of employees in innovation-active enterprises increased by 4.3 percentage points. In 2024, employees in these enterprises represented 57.8% of the total employment in the surveyed enterprises.
- 32.1% of innovation active enterprises cooperated with other enterprises, scientific organizations, and other partners in carrying out innovation activities, compared with 30.0% in the previous period.
- 30.1% of enterprises invested in the acquisition of machinery, equipment, or software based on new technologies that had not previously been used by the enterprise, compared with 27.9% in the previous period.
- 5.1% of innovation active enterprises benefited from public authorities financial support, compared with 4.3% in the previous survey.
- 1.96% of non-innovative enterprises benefited from public financial support, compared with 1.8% in the previous survey.
- 7.1% of innovation active enterprises used tax incentives or tax allowances related to research and development (R&D) and other innovation activities, compared with 5.9% in the previous period.
- 18.4% of innovation active enterprises carried out research and development (R&D) activities, compared with 13.2% in the previous survey.

**FIG. 1 PERCENTAGE OF INNOVATION ACTIVE ENTERPRISES BY ECONOMIC ACTIVITY, 2020–2022 AND 2022–2024 (%)**



Source: Innovation Surveys in Enterprises.

**FIG. 2 PERCENTAGE OF ENTERPRISES WITH PRODUCT AND BUSINESS PROCESS INNOVATIONS BY ECONOMIC SECTORS, 2022–2024 (%)**



Source: Innovation Surveys in Enterprises.

**FIG. 3 ENTERPRISES WITH PRODUCT AND BUSINESS PROCESS INNOVATIONS BY ENTERPRISE SIZE, 2022–2024 (%)**

Burimi: Anketa mbi inovacionin në ndërmarrje, 2022-2024

**TAB. 1 PERCENTAGE OF INNOVATION-ACTIVE AND NON-INNOVATION-ACTIVE ENTERPRISES BY ECONOMIC SECTORS AND ENTERPRISE SIZE, 2018–2024 (%)**

	Innovation active enterprises			Non-innovative enterprises		
	2018-2020	2020-2022	2022-2024	2018-2020	2020-2022	2022-2024
<b>Total</b>	<b>36.6</b>	<b>42.9</b>	<b>44.3</b>	<b>63.4</b>	<b>57.1</b>	<b>55.7</b>
<b>Economic activity</b>						
Industry	32.1	39.3	41.6	67.9	60.7	58.4
Services	41.0	46.0	46.7	59.0	54.0	53.3
<b>Size class of enterprise</b>						
10 - 49 persons employed	32.1	39.5	40.9	67.9	60.5	59.1
250 and more persons employed	49.0	51.2	54.3	51.0	48.8	45.7
250 and more persons employed	68.2	66.5	66.4	31.8	33.5	33.6

Source: Innovation Surveys in Enterprises.

**TAB. 2 TURNOVER INDICATORS FOR INNOVATION ACTIVE ENTERPRISES BY ECONOMIC SECTOR (%)**

	2018-2020	2020-2022	2022-2024
<b>Total</b>	<b>55,9</b>	<b>58,0</b>	<b>62,1</b>
Industry	52,6	56,0	56,7
Services	57,5	59,1	63,5

Source: Innovation Surveys in Enterprises.

**TAB. 3 EMPLOYMENT INDICATORS FOR INNOVATION ACTIVE ENTERPRISES BY ECONOMIC SECTOR (%)**

	2018-2020	2020-2022	2022-2024
<b>Total</b>	<b>51,9</b>	<b>53,5</b>	<b>57,8</b>
Industry	46,4	47,6	52,5
Services	59,9	61,8	63,1

Source: *Innovation Surveys in Enterprises*.

**Note to users:** Detailed data by economic activity and size classes are available in the INSTAT statistical database: [Innovation](#) . Innovation activity Indicators can be found well in the tables section of the website on the topic: [Science, Technology and Innovation](#)

# Methodology

Community innovation survey is conducted every two years and covers a three-year observation period (2022–2024). This survey is carried out in all European countries and is based on internationally harmonised definitions, enabling comparisons among countries in the region, European Union Member States, and EFTA countries. In Albania, data on innovation are collected and produced in accordance with the guidelines of the Oslo Manual, Eurostat methodological standards, and the requirements of the European Business Statistics Regulation (EBS). For each survey round, Eurostat develops a harmonised standard questionnaire (Harmonised Data Collection – HDC), which ensures harmonisation and comparability of data among participating countries, while the collected data are processed, validated, and transmitted according to the standards and formats defined by Eurostat.

In accordance with the Implementing Regulation (EU) 2022/1092 on innovation statistics, the statistical units of the survey are enterprises from the financial and non-financial sectors with 10 or more employees, classified as follows:

By enterprise size:

- 10–49 employees
- 50–249 employees
- 250 or more employees

By economic activity, according to NACE Rev. 2 classification:

- Industry: mining and quarrying, manufacturing, electricity supply, water supply, and waste management activities.
- Services: wholesale trade (except motor vehicles and motorcycles), transportation and storage, information and communication, financial and insurance activities, architectural and engineering activities, technical testing and analysis, professional, scientific and technical activities, as well as advertising and market research activities.

For the measurement of innovation activities in enterprises, INSTAT interviewed 2,138 enterprises across the entire territory of the Republic of Albania, covering 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.