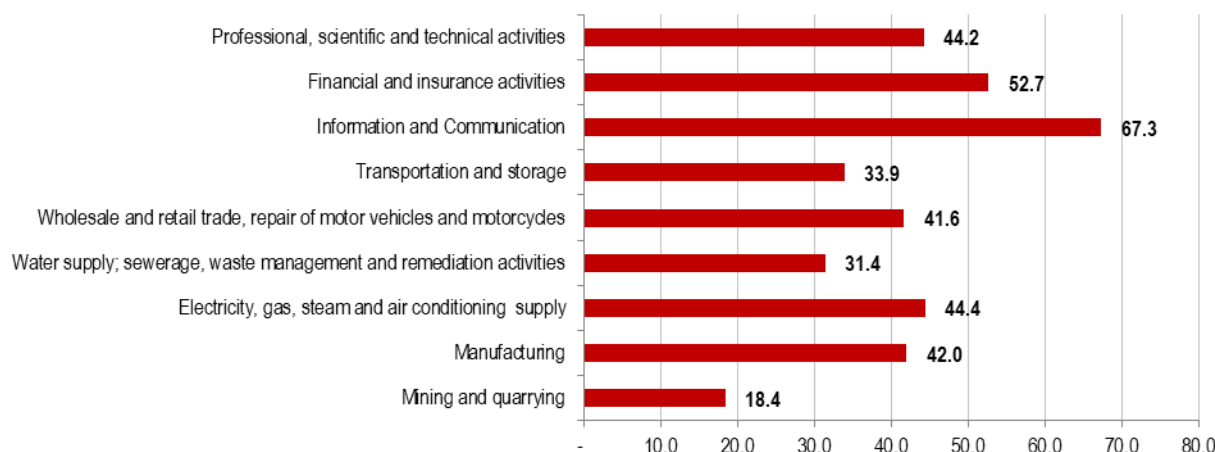


Innovation activities in enterprises

Tirana, 27 June 2024: INSTAT carried out the survey on innovation activity in enterprises with 10 or more persons employed for the reference period 2020-2022. Innovative enterprises are all business entities that introduced a new or improved product or process (or their combination) which significantly differs from previous products or business processes in the enterprise and was introduced to the market (product) or started to be applied in the enterprise (process).

During the period 2020-2022, 42.9 % of enterprises carried out an innovation activity. Compared to the data of the previous innovation survey with reference period 2018-2020, innovation activity was increased by 6.3 % (from 36.6 % to 42.9 %).

Fig. 1 Share of enterprises active in Innovation by economic sectors, 2020- 2022 (%)



Source: Innovation activities in enterprises, 2020-2022

Innovation activity is higher in enterprises operating in the service sector with 46.0 %, where enterprises in the Information and Communication sector have been active in Innovation with 67.3 %, enterprises in Financial and Insurance activities with 52, 7 %, etc.

In the Industry sector, the Innovation activity results with 39.3 %, where the enterprises in the activity of Electricity, gas, steam and air conditioning have been active in Innovation with 44.4 %, in the Processing Industry with 42.0 %, etc. (Fig. 1).

Enterprises in the industry sector record a higher increase in innovation activity by 7.2 percentage points while enterprises in the service sector record an increase by 5.0 percentage points compared to the data of the previous period.

Innovation activity was more present in the group of large enterprises, with over 250 employees with 66.5 % (Table 1).

Also, according to the size of the enterprises, it is noted that small enterprises (10-49 employees) have experienced a significant increase in innovation activity with a 7.4 percentage point increase.

During this period, small businesses have developed innovative products faster than medium and large enterprises.

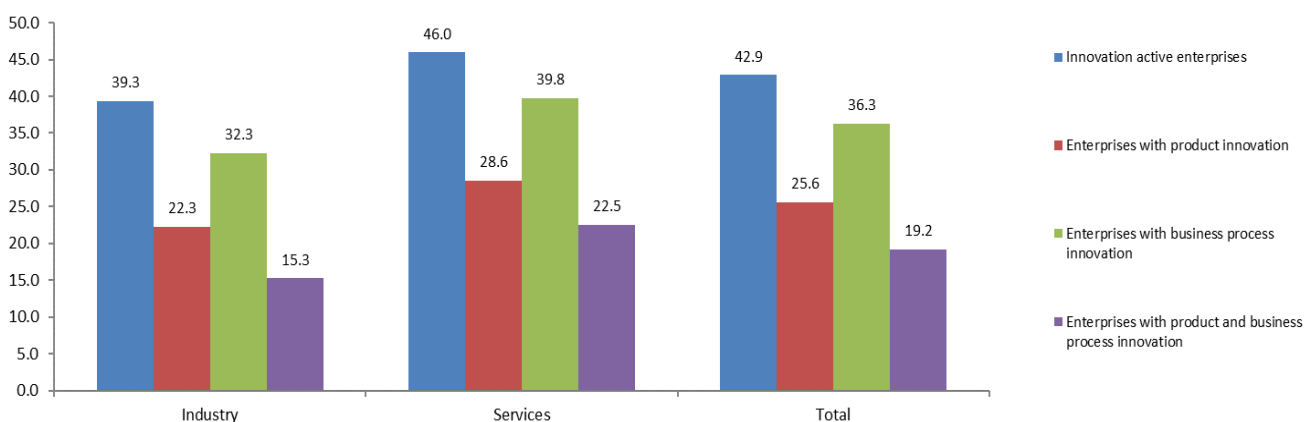
Tab. 1 Innovative enterprises by economic sectors and enterprise size class (%)

	Innovation-active enterprises 2018-2020	Innovation-active enterprises 2020-2022
Total	36.6	42.9
Economic activity		
Industry	32.1	39.3
Services	41.0	46.0
Size class of enterprise		
10 - 49 persons employed	32.1	32.1
50 - 249 persons employed	49.0	49.0
250 and more persons employed	68.2	68.2

Source: Innovation activities in enterprises, 2020-2022

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

Fig. 2 Enterprises with product and business process innovations by size class, 2020-2022 (%)



Source: Innovation activities in enterprises, 2020-2022

In 2022, the turnover of innovative-active enterprises constituted 58.1 % of the total turnover, and the persons employed 53.5 % of the total persons employed in all enterprises (Tab.2) and (Tab 3).

Compared to the data of the previous survey of innovation activity in enterprises with reference period 2018-2020, it is noted that the increase in innovative activities in enterprises has brought an increase in the number of employees and net sales for enterprises that have been active in innovation.

Net sales realized by innovative enterprises and the number of employees in these enterprises have increased respectively by 2.2 % and 1.6 %.

Tab. 2 Turnover indicators for innovation active enterprises by economic sector (%)

	Turnover of Innovation-active enterprises (%) 2018-2020	Turnover of Innovation-active enterprises (%) 2020-2022
Total	55.9	58.1
Economic activity		
Industry	52.6	56.2
Services	57.5	59.1

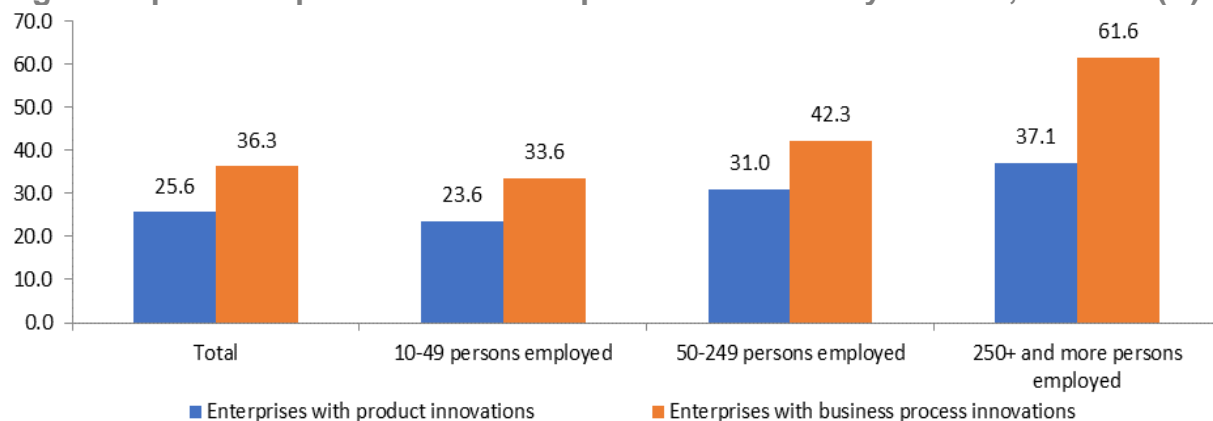
Source: Innovation activities in enterprises, 2020-2022

Tab. 3 Employees indicators for innovation active enterprises by economic sector (%)

	Employees in Innovation-active enterprises (%) 2018-2020	Employees in Innovation-active enterprises (%) 2020-2022
Total	51.9	53.5
Economic activity		
Industry	46.4	47.6
Services	59.9	61.8

Source: Innovation activities in enterprises, 2020-2022

During the observation period, 25.6 % of all enterprises realized product innovations (new or improved goods or services), while 36.3 % implemented new or improved business processes (Fig. 3).

Fig. 3 Enterprises with product and business process innovations by size class, 2020-2022 (%)

Source: Innovation activities in enterprises, 2020-2022

During the 2020-2022 period, enterprises that developed new or improved goods and services accounted for 42.7 % of enterprises that developed product innovation.

During this period, 44.0 % of enterprises with Product Innovations introduced goods or services that were new not only to the enterprise, but also to the market (not previously offered by their competitors) from the 42.0 % that resulted in the previous survey.

During the years 2020-2022, 13.2 % of innovative enterprises developed research and development activities.

In order to carry out their innovation activity, 30.0 % of enterprises active in Innovation were involved in cooperation with other enterprises, scientific organizations and other partners, from 25.9 % that resulted in the previous survey. For enterprises with economic activity "Professional, scientific and technical activities" this percentage was 57.7 %.

During the period 2020-2022, 27.9 % of surveyed enterprises have purchased machinery, equipment or programming tools based on new technology that was not previously used by these enterprises.

During the period 2020-2022, 4.3 % of enterprises active in innovation received financial support from public authorities from 3.6 %, which resulted in the previous survey.

Meanwhile, 1.8 % of enterprises that did not perform any innovation received public financial support from 1.6 %, which resulted in the previous survey.

During the three years from 2020 to 2022, 5.9 % of enterprises active in innovation have used incentives or fiscal facilities for the purpose of compensating tax/taxes for Research and Development or other innovative activities or for all other types of activities.

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 1,663 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 2020-2022 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.