

TECHNOLOGICAL INNOVATION SURVEY -EIT. 2005

## 16.9% of companies in the Basque Country were innovators during the period 2003-2005

***Total expenditure on technological innovation activities in 2005 came to 2,162 million euros, which represents 7.5% growth and 3.8% of GDP.***

Over the period 2003-2005, 16.9% of companies in the A.C. of the Basque Country were innovators, i.e. 29,882 companies, 7.5% more than the previous period. Innovative companies are those that have introduced a new or significantly improved product on the market (good or service), 5.7%, or by the introduction, within the establishment itself, of a new or significantly improved process, 15.4%, according to Eustat data.

This percentage comes to 33.3% if we take into consideration only companies with 10 or more employees, 14.3% having innovated the product and 27.7% having innovated the process.

**Table 1: Innovative companies according to the period (%)**

	Total			10 or more employees		
	2003-2005	2002-2004	2001-2003	2003-2005	2002-2004	2001-2003
<b>A.C. of the Basque Country</b>	<b>16,9</b>	<b>16,8</b>	<b>16,5</b>	<b>33,3</b>	<b>31,9</b>	<b>32,1</b>
<b>Province</b>						
Álava	15,1	13,6	12,8	33,8	31,9	29,7
Bizkaia	17,6	17,5	16,0	32,4	30,1	30,9
Gipuzkoa	16,5	17,0	18,7	34,3	34,6	35,1

Source: Eustat

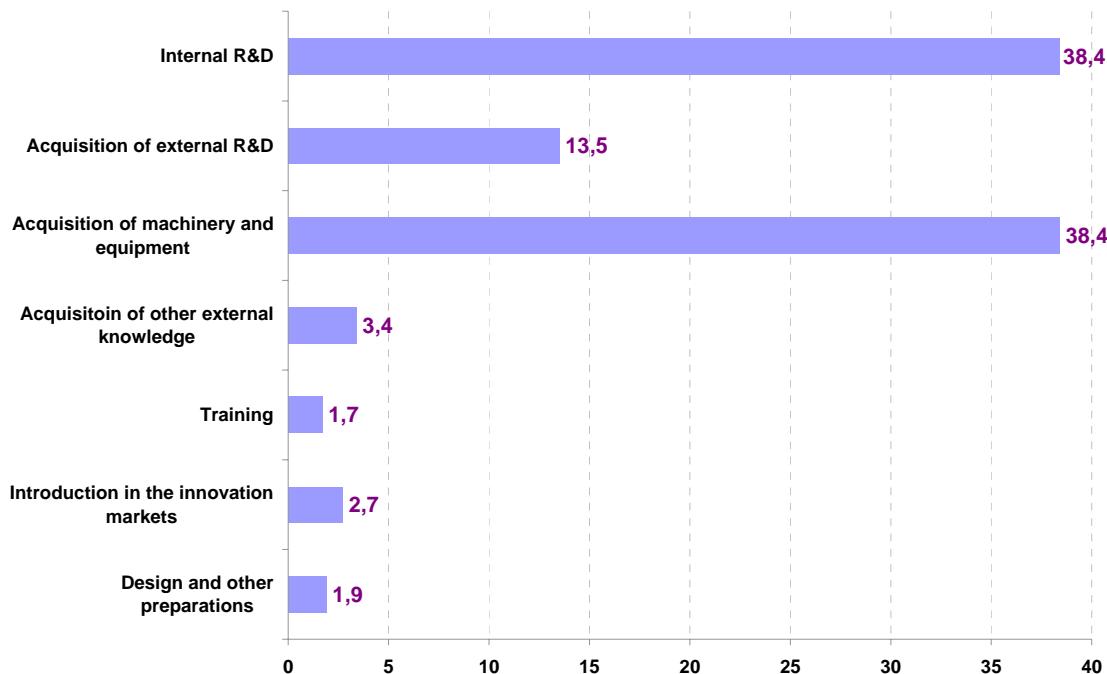
***The economic impact of product innovation on turnover represented 22.0% over the period 2003-2005***

The average economic impact of innovative products in companies that implement them represents 22.0% of the total turnover, while products that are unaltered or slightly modified represent the remaining 78.0%. In the case of product innovation , if besides the company it is also innovative for the market, the average economic impact represents 14.8%.

Among companies with 10 or more employees these percentages vary slightly, the average repercussion becoming 20.4% on turnover for new or considerably improved products. If the product is also new for the market, the average economic impact is 7.9%.

In addition, expenditure carried out by companies during 2005 on technological innovation activities represents 2,162 million euros, having increased by 7.5%, which represents 3.8% of the GDP. If we breakdown this amount among the main activities required for innovation, expenditure on internal R&D stands out together with the purchase of machinery and equipment, with 38.4% of expenditure for each and the purchase of external R&D with 13.5%, leaving 9.7% for other activities.

**Graph 1: Distribution of expenditure on innovation according to activities in 2005. (%)**



Source: Eustat

**27.9% of innovative companies receive public finance. This percentage reaches 46.6% of companies with 10 or more employees**

27.9% of innovative companies receive some kind of public financial support for innovation activities. If we observe the origin of this aid, the most important with 22.0% of the total, is aid from the Basque Government. This percentage decreases if the aid comes from other administrations. In the case of companies with 10 or more employees, 46.6% receive aid, the Basque Government accounting for the largest percentage of finance, affecting 36.4% of innovative companies of this size.

**Table 2: Innovative companies that receive public finance according to origin. 2003-2005. (%)**

Receive public finance from	Total	10 or more employees
Receive public finance from	27,9	46,6
Local administrations	3,3	5,1
Provincial Councils	9,1	14,3
Basque Government	22,0	36,4
Central Administration	4,9	14,7
European Union	3,9	5,5

Source: Eustat

With regard to cooperation on innovation, we should point out that this practically does not occur among small sized establishments. Thus, only 3.4% of establishments that carried out innovation have signed a cooperation agreement on innovation or R&D activities.

However, among establishments with 10 or more employees that have carried out innovation, cooperation accounts for 20.0% of them. At this size of employment there is significant cooperation with Technology Centres (66.6%), equipment suppliers, materials, etc. (41.5%), other establishments in the same company (34.5%) and Universities and other institutes (33.1%).

***Half of companies consider that there are factors that hamper technological innovation***

In addition, half of companies, 50.02% to be exact, consider that there are determined factors that make technological innovation difficult. Among these factors, companies stress the high cost that innovation represents (41.1%), and excessive economic risk (34.7%). Among companies with 10 or more employees this percentage rises to 64.5%, stressing the same difficulties.

**Table 3: Companies according to factors that hamper innovation. 2003-2005. (%)**

	Total	10 or more employees
<b>There are factors that make innovation difficult</b>	<b>50,0</b>	<b>64,5</b>
<b>Economic factors:</b>	<b>44,3</b>	<b>54,9</b>
.- Excessive economic risks	34,7	40,7
.- High innovation costs	41,1	50,1
.- Lack of sources of finance	30,5	34,9
<b>Internal factors:</b>	<b>31,7</b>	<b>45,6</b>
.- Organizational inflexibility	15,3	21,2
.- Lack of qualified personnel	19,3	26,5
.- Lack of information on technology	18,4	24,0
.- Lack of information on markets	16,9	22,6
<b>Other factors:</b>	<b>29,7</b>	<b>33,9</b>
.- Insufficient flexibility in regulations	18,3	21,9
.- Lack of client awareness	23,5	25,3

**Source: Eustat**

Finally, we should stress that 10.6% of innovative companies, over the period 2003-2005, have used a patent or other method to protect their inventions or innovations. Thus, over this period, 1.3% applied for a patent to protect inventions or innovations developed in their establishment and 1.5% had a valid patent at the end of 2005. with regard to other protection methods, 10.1% of innovative companies used one over the said period. Among the latter, the most important were model registration, factory trademarks, authorship rights, etc.

These percentages also increase if we take into account only innovative companies with 10 or more employees. Specifically 29.7% used a patent over this period or

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another method of protection, 6.3% applied for a patent and 8.5% had a valid patent in effect at the end of 2005. In addition, 26.5% used other methods of protection.

**Methodology not:** The Survey on Technological Innovation, by Eustat, is directed at Basque companies of any size and any activity sector, except the primary sector, public administration and domestic service. The objective is to offer information on activities for technological innovation carried out by companies. The survey is based on a representative sample of 3,400 establishments located in the A.C. of the Basque Country.

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