

TECHNOLOGICAL INNOVATION OF THE BASQUE COUNTRY SURVEY (EIT) 2011

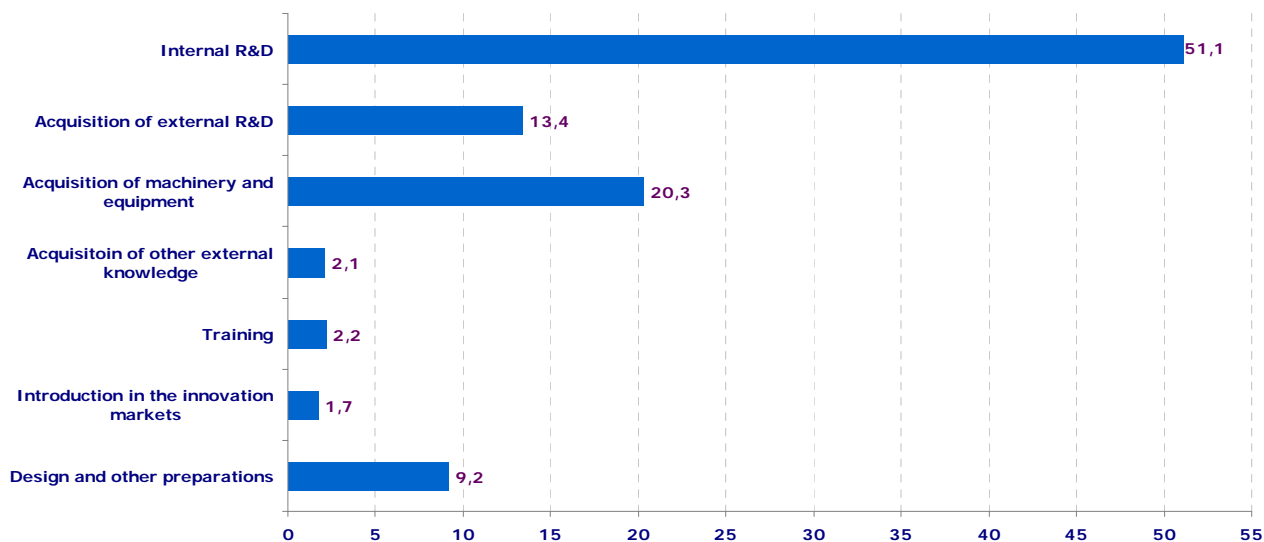
30.7% of Basque companies with 10 or more employees implemented technological innovation in 2011

This percentage rises to 37.8% if non-technological innovation is also taken into account

The percentage of companies with technological innovation in 2011 was 12.3%, rising to 30.7% in those with 10 or more employees, according to Eustat data. Spending implemented by Basque companies on technological innovation activities stood at 2,675.7 million euros, following a drop of 3.6% with regards to the previous year. This spending represented 4.04% of GDP.

Amongst the main activities necessary for technological innovation, particular mention should be made of spending on internal R&D, which accounted for 51.1% of the total, the acquisition of machinery and equipment, 20.3%, and the acquisition of external R&D, 13.4%, with the remaining activities accounting for 15.2% of expenditure.

Graph 1: Distribution of expenditure on technological innovation according to different activities. 2011. (%)



Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

The number of companies with technological innovation in the 2009-2011 period represented 12.3% of the total in the Basque Country, which was a drop of 1.5 percentage points in relation to the previous period. This percentage was equivalent to 21,417 companies. **Technological innovation** is considered to be innovation carried out by companies that are able to **introduce a new or appreciably improved product into the market**, be it goods or services related (6.4% of the total in 2011), **or those which implement, within their own establishment, a new or appreciably improved process**, (10.6% of the total).

Table 1: Companies with technological innovation and expenditure according to period.

Unit: percentage of companies and millions of euros

	2001-2003	2002-2004	2003-2005	2004-2006	2005-2007	2006-2008	2007-2009	2008-2010	2009-2011
Basque Country	16,5	16,8	16,9	16,6	16,1	15,0	14,5	13,8	12,3
Province									
Araba/Álava	12,8	13,6	15,1	15,7	15,9	13,7	12,9	13,4	11,7
Bizkaia	16,0	17,5	17,6	17,1	16,7	15,5	16,3	14,2	11,1
Gipuzkoa	18,7	17,0	16,5	16,3	15,1	14,7	12,6	13,3	14,5
Expenditure on innovation	1.836,0	2.010,2	2.161,7	2.352,2	2.609,9	2.782,0	2.753,4	2.581,9	2.675,7
10 or more employees	32,1	31,9	33,3	32,7	32,0	31,5	29,8	30,1	30,7
Province									
Araba/Álava	29,7	31,9	33,8	34,3	30,1	29,9	30,4	32,3	33,2
Bizkaia	30,9	30,1	32,4	30,5	29,9	29,4	27,9	25,6	28,2
Gipuzkoa	35,1	34,6	34,3	35,3	36,2	35,4	32,2	35,8	33,2
Expenditure on innovation	1.472,6	1.463,6	1.677,8	1.829,7	2.030,0	2.193,9	2.219,9	2.159,5	2.214,0

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

These percentages, however, rise to 30.7% if only companies with 10 or more employees are taken into account, which is an improvement of six tenths on the data from the previous year. In this size of company, 19.8% were product innovators and 23.1% process innovators.

Innovation intensity, defined as spending on innovation activities as a percentage of turnover, stood at 1.62%, whilst internal R&D intensity, spending on internal R&D as a percentage of turnover, stood at 0.83%. If we take into account companies of 10 or more employees, these percentages rise to 2.08% and 1.20%, respectively.

Table 2: Intensity of technological innovation and of internal R&D by territory and size. Basque Country. 2011. (%)

	Total		10 or more employees	
	Innovation Intensity (1)	Internal R&D Intensity (2)	Innovation Intensity (1)	Internal R&D Intensity (2)
Total companies				
Basque Country	1,62	0,83	2,08	1,20
Province				
Araba/Álava	1,96	0,65	2,36	0,90
Bizkaia	1,52	0,79	1,82	1,12
Gipuzkoa	1,63	0,99	2,41	1,53
Companies with Innovative activities				
Basque Country	4,32	2,21	4,07	2,35
Province				
Araba/Álava	5,42	1,80	4,85	1,85
Bizkaia	3,94	2,06	3,51	2,17
Gipuzkoa	4,43	2,69	4,71	2,99
Companies with R&D activities				
Basque Country	5,81	3,87	5,41	3,70
Province				
Araba/Álava	5,24	2,43	5,16	2,32
Bizkaia	5,91	4,16	5,35	4,03
Gipuzkoa	6,02	4,34	5,65	4,09

(1) Innovation Intensity: (expenditure on innovation/turnover)*100

(2) Internal R&D Intensity: (R&D expenditure/turnover)*100

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

28.4% of companies with technological innovation received public funding

If we look at where this support came from, it is worth mentioning that the Basque Government provided 21.1% of the total for these companies. In the case of companies of 10 or more employees, 53.4% received support, with the Basque Government being the provider of funds to the greatest number of companies, specifically 44.5% of companies of this size that spent on innovation.

Table 3: Innovative companies receiving public funding according to its source. 2009-2011. (%)

Unit: percentage of companies

	Total	10 or more employees
Receive public finance from	28,4	53,4
Local administrations	3,8	7,6
Provincial Councils	10,2	12,8
Basque Government	21,1	44,5
Central Administration	10,0	19,9
European Union	4,9	8,0

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

Regarding cooperation on activities relating to R&D and innovation, 12.5% of innovating establishments signed some kind of agreement with other companies or institutions in the 2009-2011 period. This percentage rose to 29.6% in establishments with 10 or more employees.

In this employment-size class, amongst those that signed some sort of agreement particular mention should be made of cooperation with Technology centres (65.6%), with Other establishments within the same company (59.8%), with Universities and other higher education institutes (54.2%), with Providers of equipment, materials, etc. (53.5%) and with Customers (51.4%).

80.3% of innovating companies felt that innovation had positive effects

79.1% thought that innovation had positive effects on their products (goods or services), 63.6%, on their internal processes and 43.0% believed that there were other positive effects, such as a lesser impact on the environment or an improvement in the health of their employees.

In innovating companies of 10 or more employees, 86.7% felt that innovation had positive effects, whilst the rest of the previously mentioned percentages regarding this size of company accounted for 83.0%, 70.1% and 50.0%, respectively.

**Table 4: Effects of technological innovation on innovating companies.
2008-2010 (%)**

Unit: percentage of companies

	Total	10 or more employees
Effects of technological innovation	80,3	86,7
Effects on products	79,1	83,0
.-Wider range of goods or services	50,3	61,7
.-Substitution of out-of-date products or processes	56,1	56,8
.-Penetration in new markets	28,6	45,3
.-Greater market share	33,4	42,9
.-Higher quality of goods or services	68,5	71,8
Effects on processes	63,6	70,1
.-Greater flexibility in production or provision of services	48,6	56,4
.-Greater capacity for production or provision of services	53,1	56,7
.-Lower labour costs per unit produced	33,7	35,5
.-Less materials per unit produced	24,6	25,7
.-Less energy per unit produced	23,4	29,9
Other effects	43,0	50,0
.-Lower environmental impact	31,4	36,4
.-Improvement in health and security of its employees	24,5	34,1
.-Compliance with regulatory requirements	33,7	40,6

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

Just over half of companies felt that there were factors that hindered technological innovation

Specifically, 57.1% considered that determined factors existed that made technological innovation difficult. Amongst these factors, the economic ones stand out. These companies highlighted economic risks, which they considered excessive (41.8%), increased costs involved in carrying out innovation (41.3%) and the lack of funding sources (40.3%). Amongst companies with 10 or more employees, the percentage of those that thought there were factors that made innovation difficult rose to 68.6%, with the same hindrances highlighted.

**Table 5: Companies according to factors that hinder innovation.
2009-2011 (%)**

Unit: percentage of companies

	Total	10 or more employees
There are factors that make innovation difficult	57,1	68,6
Economic factors:	50,2	59,6
.- Excessive economic risks	41,8	44,4
.- High innovation costs	41,3	51,5
.- Lack of sources of finance	40,3	46,0
Internal factors:	31,6	44,7
.- Organizational inflexibility	16,4	25,0
.- Lack of qualified personnel	20,5	26,8
.- Lack of information on technology	20,2	24,0
.- Lack of information on markets	18,8	22,5
Other factors:	32,3	38,5
.- Insufficient flexibility in regulations	20,5	24,6
.- Lack of client awareness	23,7	25,8
.- others	3,7	3,8

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

27.2% of innovating companies with 10 or more employees used some kind of patent or other methods of protection for their inventions or innovations

It is worth mentioning that during the 2009-2011 period, 27.2% of innovating companies with 10 or more employees used some kind of patent or other method of protection. In these companies during this period, 10.3% applied for a patent to protect inventions or innovations developed in their establishments and 13.8% had one that was active at the end of 2011. Regarding other methods of protection, 21.6% of innovating companies of 10 or more employees used one in the cited period. Amongst these the registering of trademarks (19.2%), and of designs or models (11.3%), were particularly noteworthy.

37.8% of companies of 10 or more employees implemented innovation (technological or non-technological) in the Basque Country in the 2009-2011 period

On the other hand, if we also take into account non-technological innovation in the Basque Country, 17.8% of companies were innovators (technological or non-technological innovation) in the 2009-2011 period. This percentage was obtained by taking into account non-technological innovation (10.7% of companies) as well as technological innovation (12.3% of companies). If only companies of 10 or more employees are considered, the percentage of innovating companies (technological or non-technological) stood at 37.8%.

Non-technological innovation is composed of **organisational** innovation or innovation related to **marketing**.

Organisational innovation consists of the implementation of new organisational methods in the internal functioning of the company, and was carried out by 7.4% of Basque companies, whilst **marketing innovation** is the implementation of new commercial strategies or concepts that are significantly different to previous ones and that have not been used before, which was the case in 6.7% of all companies in the Basque Country.

Table 6: Companies by type of innovation and size. 2009-2011

Unit: percentage of establishments

The Basque Country	Type of non-technological innovation		Non-technological innovative companies	Technological innovative companies (1)	Innovative companies (1) (technological or non-technological)	EIN innovative companies (2) (technological or non-technological)
	organisational	commercial				
Total	7,4	6,7	10,7	12,3	17,8	18,3
10 and more employees	21,1	10,7	23,7	30,8	37,8	39,8

(1) Does not include companies that only carry out innovation underway or failed

(2) Includes companies that only carry out innovation underway or failed

Source: EUSTAT. Technological Innovation of the Basque Country (EIT)

As regards companies with 10 or more employees, those that implement innovation of any kind represented 37.8% in this period.

This figure was reached taking into account the fact that 30.7% of these companies implemented technological innovation and 23.7% non-technological innovation.

The figure for non-technological innovation, for its part, and for this size of company, was obtained from 21.1% implementing organisational innovation and 10.7% marketing innovation.

It can added that, if we also consider companies that solely had innovation in progress or innovation that was unsuccessful, the so-called EIN companies, the percentage of those with 10 or more employees that implemented innovation accounted for 39.8%.

Methodological note: The Survey on Technological Innovation EIT 2009 includes the **National Classification of Economic Activities 2009 (CNAE-2009)**.

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