

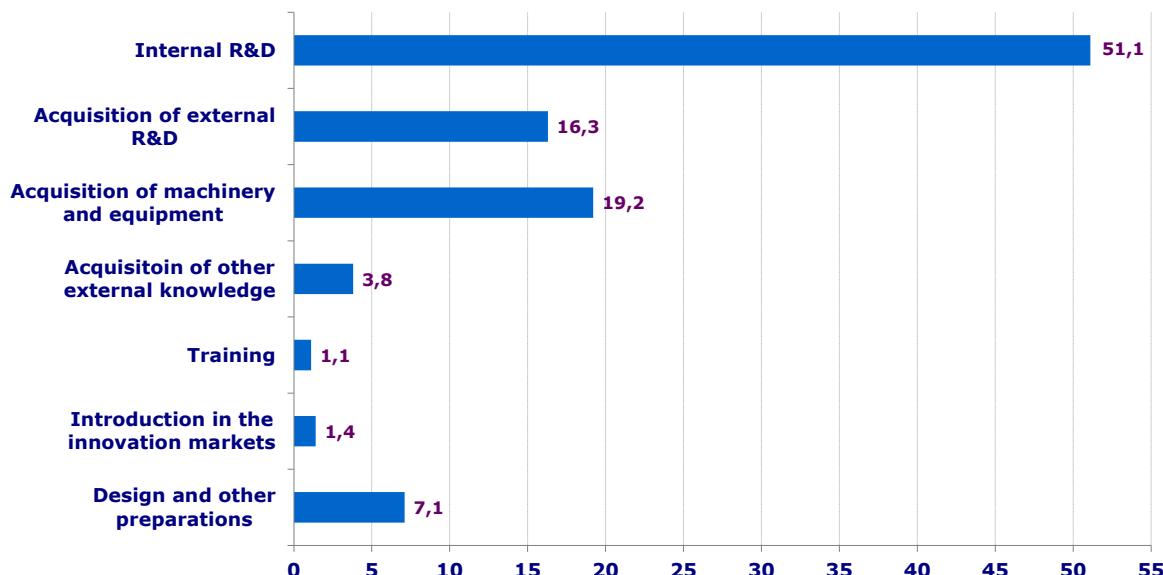
Expenditure on activities for innovation technology is up by 5.7% in 2017 in the Basque Country, the largest increase since 2009

Innovative products generate 50.6% of the turnover in their companies

Spending implemented by Basque companies on technological innovation activities stood at 2,668.1 million euros in 2017, a figure up by 5.7% on the previous year, according to data prepared by EUSTAT.

Amongst the main activities within technological innovation, particular mention can be made of spending on internal R&D, which accounted for 51.1% of total expenditure, the Acquisition of Machinery and Equipment, 19.2%, and the Acquisition of External R&D, 16.3%, with the remaining activities accounting for 13.4% of spending.

Graph 1: Distribution of expenditure on technological innovation according to different activities (%). 2017



Source: Eustat. Survey on innovation in the Basque Country

The percentage of innovating companies with 10 or more employees in the Basque Country grew to 32.6%

In 2017 the percentage of companies in the Basque Country carrying out innovation – technological or otherwise – stood at 16.0%, 4 percentage points down on 2016. Only taking into account companies with 10 or more employees, the percentage of innovating companies was 32.6%, 1.4 percentage points down on 2016.

If we also take into account companies that only have innovations in progress or unsuccessful innovations (EIN), those percentages reached 16.6% for the total number of

companies and 35.2% for those with 10 or more employees, in both cases 0.4 percentage points less than the previous year.

Companies by type of innovation and size. 2015-2017

The Basque Country	Technological innovation		Technological innovative companies	Non-technological innovation		Technological innovative companies	Innovative companies (1)	EIN innovative companies (2)
	Products	Process		organisational	commercial			
Total	6,7	8,5	10,9	5,3	5,9	9,5	16,0	16,6
10 and more employees	17,1	22,1	27,3	15,5	9,4	19,0	32,6	35,2

(1) Technological and / or non-technological innovation

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

Source: Eustat. Survey on innovation in the Basque Country

The number of companies with **technological innovation** in the 2015-2017 period represented 10.9% of the total, which is equivalent to 17,614 companies in the Basque Country, a drop of 0.5 percentage points in relation to the previous period. **Innovation** is considered **technological** when it is implemented by those companies that are able to introduce a new or appreciably improved product, either good or service, into the market (6.7% of the total in 2017), or those which implement, within their own establishment, a new or appreciably improved process (8.5%).

These percentages, however, rise to 27.3% if only companies with 10 or more employees are taken into account, a decrease of 0.6 percentage points on the data from the previous year. In this size of company, 17.1% were product innovators and 22.1% process innovators.

29.1% of companies with technological innovation received public funding

Innovating companies can receive help via public funding from one or more public institutions. 29.1% of companies with technological innovation received public funding in this way. If we look at where this help came from, attention may be drawn to those originating from the Basque Government, which stood at 20.4% of the total for these innovating companies. This means that the Basque Government totally or partially funded 70.3% of the total number of companies with innovation that received help.

In the case of companies of 10 or more employees, 45.7% received funds, with the Basque Government being the provider to 32.2%, the greatest number of companies of this size that spent on innovation. In other words, the Basque Government totally or partially funded 70.5% of the total number of companies with 10 or more employees that received help.

Thechnologic innovative companies receiving public funding according to its source (%). 2015-2017

Unit: percentage of companies

	Total	10 or more employees
Receive public finance from	29,1	45,7
Local administrations	8,4	7,4
Provincial Councils	11,0	17,2
Basque Government	20,4	32,2
Central Administration	6,4	16,0
European Union	5,2	13,3

Source: Eustat. Survey on innovation in the Basque Country

The majority, 92.6%, of companies with technological innovation believe that innovation has positive effects

85.2% thought that innovation had positive effects on their products (goods or services), 73.9% on their internal processes, 50.6% on employment and 46.1% 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, 94.7% felt that innovation has positive effects, 88.0% thought that it had an influence on their products, 73.6% on internal processes, 64.5% on employment and 48.6% on other aspects, such as on a lower environmental impact (39.5%), on an improvement in employee health (32.9%) and on compliance with regulatory requirements (39.2%).

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

Specifically, 52.0% believed that certain factors existed that made technological innovation difficult. Amongst these factors, the economic ones stand out, with 43.5%. These companies highlighted economic risks, which they considered excessive (35.8%), increased costs involved in carrying out innovation (37.8%) and the lack of funding sources (32.1%). Furthermore, 30.1% thought there were certain internal factors, such as organisational inflexibility, lack of qualified staff or lack of information on technology or on markets, which obstruct innovation. Finally, 28.7% believed that other factors, such as insufficient regulatory flexibility, lack of awareness or others that hinder innovation.

Amongst companies with 10 or more employees, the percentage of those that thought there were factors that made innovation difficult rose to 63.9%, with the same hindrances highlighted.

Innovative products generate 50.6% of the turnover in their companies

In companies with product innovation, 50.6% of their total turnover came from their innovative products, whereas unaltered or slightly changed products accounted for the remaining 49.4%.

In companies with 10 or more employees these percentages vary slightly, in this case the average repercussion of new or considerably improved products on turnover accounted for 49.5%

Non-technological innovation

9.5% of companies engaged in **non-technological innovation**, which includes **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 5.3% 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 5.9% of all companies in the Basque Country. Non-technological innovation stood at 19.0% in companies with 10 or more employees, with 15.5% obtained by carrying out organisational innovation, and 9.4%, by marketing innovation.

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