

## Black Country LEP Evidence Briefing

### Enterprise Research Centre Benchmarking Local Innovation 2019

Source: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2019/06/ERC-ResReport-Benchmarking-local-innovation.pdf>

#### Introduction

The Enterprise Research Centre's (ERC) report provides innovation benchmarks for local areas in England (defined by LEPs). The benchmarks are based on a new analysis of data from the 14,000 firms which responded to the UK Innovation Survey 2017. The analysis is designed to provide representative results for each local economic area. Information is provided on ten benchmarks and is **based on a new analysis of the UK Innovation Survey 2017 which relates to firms' innovation activity during the three-year period from 2014 to 2016.**

#### National Findings

- The analysis highlights the diversity of innovation activity across the UK. Some local areas are marked by strengths in organisational innovation but weaker elsewhere; others exhibit higher levels of collaborative behaviour and R&D.
- A concentration of relatively high levels of product and service innovation and new-to-the market innovation remains in an arc of local economic areas in the South and East Midlands and along the M4 corridor.
- A rather different geography exists in terms of process innovation, with higher levels of process innovation activity in some Northern and peripheral areas where product/service innovation is less common.
- The benchmarks for organisational innovation suggest a rather less clear geographical pattern with a range of different local areas performing relatively strongly. Areas in the 'arc of innovation' also tend to perform relatively strongly on these metrics too however.

#### Black Country Performance

##### Black Country Ranking of LEPs<sup>1</sup>: Benchmarking Local Innovation indicators

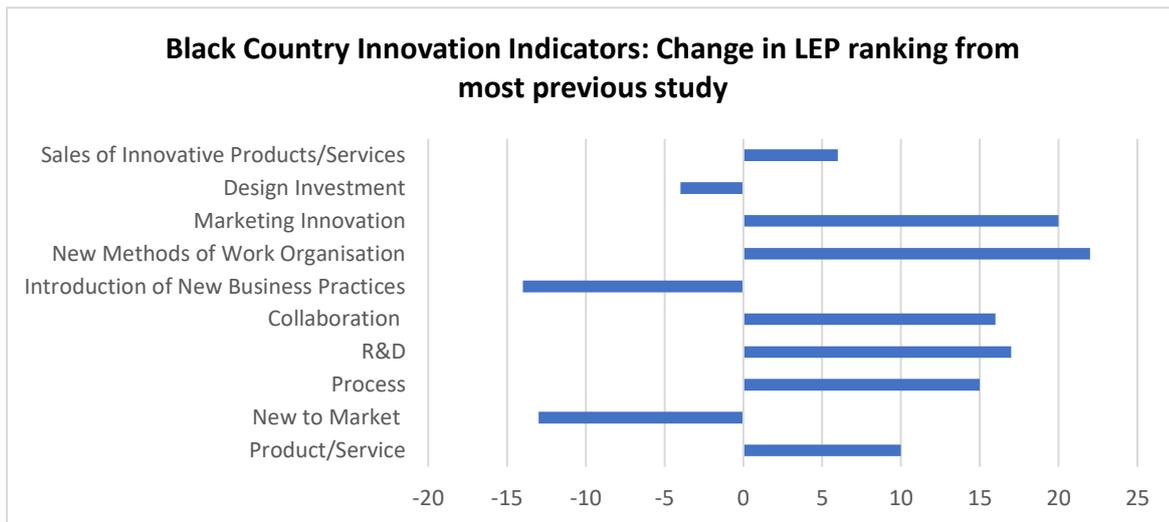
	2015 study	2017 study	2019 study
Product/Service	17	19	9
New to Market	13	N/A	26
Process	19	24	9
R&D	8	29	12
Collaboration	5	20	4
Introduction of New Business Practices	N/A	13	27
New Methods of Work Organisation	N/A	23	1
Marketing Innovation	N/A	29	9
Design Investment	N/A	14	18
Sales of Innovative Products/Services	N/A	35	29

<sup>1</sup> Ranking based on 38 LEPs: A lower number indicates a higher ranking & better performance (e.g. 1 = ranked 1<sup>st</sup>)

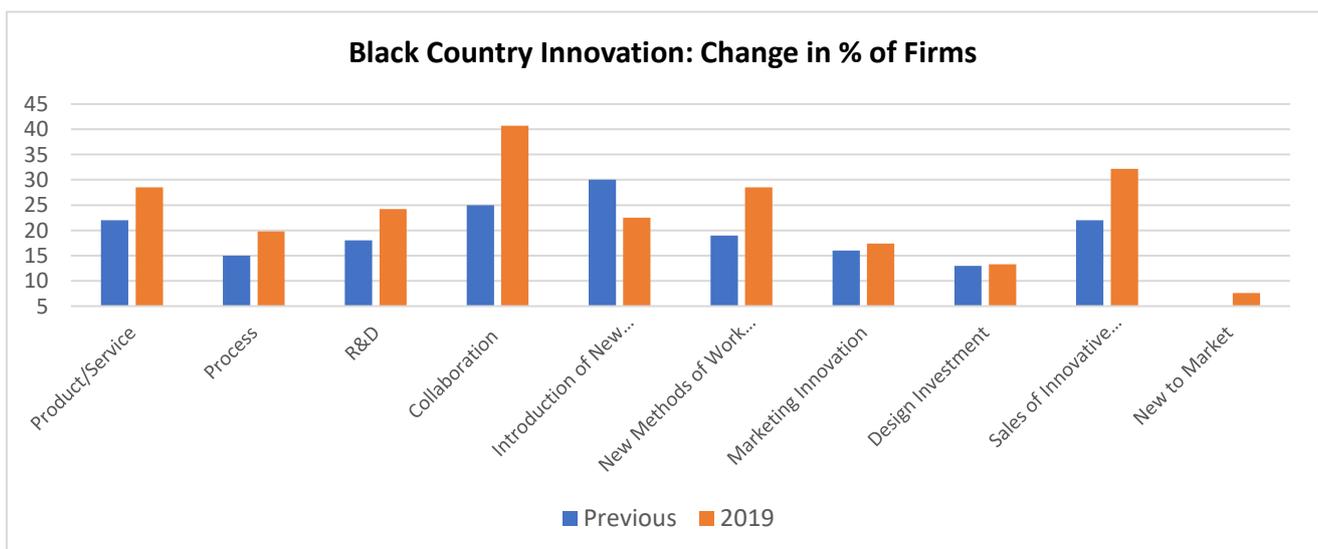
The Black Country has improved its ranking across most of the innovation indicators utilised in the study and **now sits in the top 10 of all LEPs in five categories: product/service innovation, process innovation, collaboration, marketing innovation and new methods of work organisation.** For the latter, the study ranks the Black Country as ranked number 1 of all LEPs.

Across three indicators the Black Country’s ranking has reduced: design investment, introduction of new business practices and new to market innovation.

The graph below summarises the Black Country’s change in ranking across all indicators, demonstrating the **overall strong innovation performance** indicated by the study.

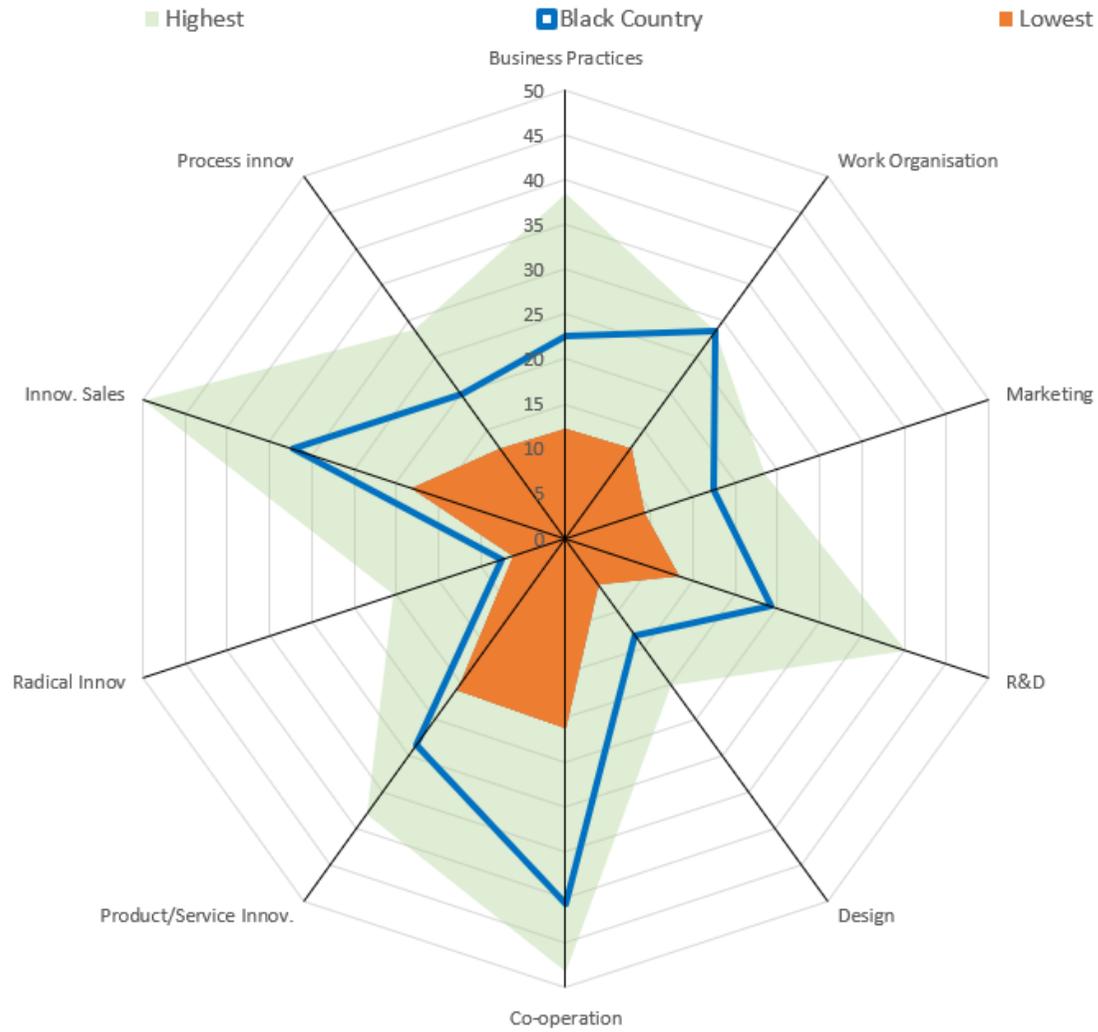


In terms of actual change across the indicators, the **Black Country has improved across all but one indicator** (Introduction of New Business Practices – showing a 7.5pp decrease from the previous report). **Collaboration for innovation** increased most: from 25% of innovating firms in the previous study to 40.7% in the 2019 study. Other large increases were seen in the **sales of innovative products and services** (an increase from 22% to 32.2%), **new methods of work organisation** (an increase from 19% to 28.5%) and **Research & Development** (an increase from 18% to 24.2%).<sup>2</sup>



<sup>2</sup> All indicators are measured by % of firms except Collaboration – measured as the % of innovating firms and – sales of innovative products/services – measured by % sales of innovating firms. New-to-Market Innovation data is only available in the 2019 study and therefore cannot be compared with previous.

### Innovation Benchmarks: 2014-16



## Annex: Indicators

The data in the study are based on a new analysis of the UK Innovation Survey 2017 which relates to firms' innovation activity during the three-year period from 2014 to 2016. Constructing the benchmarks involves re-weighting survey responses to provide results which are representative of each local economic area. A range of benchmarks are reported, representing different aspects of firms' innovation activity. The first three benchmarks focus on forms of organisational and marketing innovation:

- *Firms engaged in the introduction of new business practices– the proportion of firms reporting the adoption of new business practices during the 2014 to 2016 period.*
- *Firms engaged in the introduction of new methods of organising work responsibilities – the proportion of firms reporting the adoption of new work organisation methods during the 2014 to 2016 period.*
- *Firms engaged in marketing innovation – the proportion of firms reporting changes to marketing concepts or strategies.*

The next three metrics relate to the inputs and structure of firms' innovation activity with a focus on R&D, design investment and collaboration:

- *Firms engaged in R&D – the proportion of firms reporting undertaking R&D over the 2014 to 2016 period (either internal or external).*
- *Firms engaged in design – the proportion of firms reporting investing in design as part of their innovation activity over the 2014 to 2016 period.*
- *Firms that were collaborating as part of their innovation activity – the proportion of firms partnering with other organisations as part of their innovation activity.*

The remaining four metrics relate to the outcomes from firms' innovation reflecting both the extent of innovation across the population of firms as well as the success of innovation:

- *Firms engaged in product or service innovation – measured as the proportion of firms reporting the introduction of a new or significantly improved product or service during the 2014 to 2016 period.*
- *Firms engaged in new to the market innovation – measured as the proportion of firms reporting that their new products or services were new to the market.*
- *Firms' sales of innovative products or services – measured as the average proportion of sales derived from innovative products and services in 2014. This provides an indication of the early market success of firms' new products and services.*
- *Firms engaged in process innovation - the proportion of firms reporting the introduction of a new or significantly improved process during the 2014 to 2016 period.*

For further details, please visit the original source: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2019/06/ERC-ResReport-Benchmarking-local-innovation.pdf>