

Wales' R&D-intensive businesses drive innovation and value creation

R&D intensive businesses are boosting the Welsh economy according to a new report commissioned by Economic Intelligence Wales.

Produced with the support of the Enterprise Research Centre (ERC), the report shows there are more than 2,400 high and medium-high R&D-intensive businesses in Wales that make significant contributions to the Welsh economy. It also looks at innovation activity via survey data and in-depth interviews with businesses and is the first ERC report to be published through Economic Intelligence Wales.

In Wales, as we see across the UK, economic risks and the high costs of innovation are the main barriers to innovation in R&D intensive firms. However, the report shows that the cost and availability of finance are less of a barrier to investment by high R&D intensity firms in Wales than elsewhere in the UK.

The report also shows a strong link between R&D and other performance measures like growth and profitability, while highlighting the outsized effect public investment can have when it goes into R&D-intensive businesses, securing stronger growth. It further reveals that R&D intensive businesses generate a disproportionate share of jobs and turnover.

However, the report does note that levels of collaboration between universities and R&D-intensive businesses are lower in Wales compared with other regions of the UK. If collaboration levels in Wales were similar to those in Scotland, this would mean an additional 350 high and medium-high R&D intensity firms collaborating with universities.

With reference to what innovation Welsh firms are undertaking, this differs somewhat to elsewhere in the UK with a stronger focus on product/service innovation and less focus on process change. Although the report highlights a wide range of activity, lack of awareness of support may be limiting firms' ability to share the costs and risks of innovation.

While interviews highlighted that there was a reliance on internal resources which constrained some firms' innovation activity, other companies had taken advantage of support from the Welsh government and the Development Bank of Wales.

[The report is available here](#)

Professor Stephen Roper, Director of the ERC, said: "This report provides the first detailed look at the group of R&D-intensive businesses which will be critical to future growth and high-quality jobs in Wales. As it stands these businesses are already making a significant contribution to sales and jobs in Wales.

"Adopting measures to further strengthen the links between these leading-edge firms and local universities has the potential to enhance their innovation, productivity and growth."

Giles Thorley, Chief Executive of the Development Bank of Wales, said: "We know that R&D plays a vital role in firms' ability to innovate and create value. Our investment into R&D intensive firms is helping to make significant economic contributions to the Welsh economy.

We welcome this report from the Enterprise Research Centre and will use the findings and recommendations to continue to support Welsh businesses, raising awareness of the wider support available for R&D businesses including the role of universities as a source of information and

collaboration. Indeed, we will do all that we can to enhance the valuable contribution that R&D businesses make to the Welsh economy.”

Add to the Notes

Economic Intelligence Wales gathers and analyses data to create independent and reliable insight to help better understand and improve the Welsh economy, including tracking the supply and demand for finance across Wales, and improving the understanding of the role small and medium enterprises play in Wales.