

UK Innovation Survey 2025¹: West Midlands Results

The UK definition of innovation is based on an Organisation for Economic Co-operation and Development (OECD) definition, outlined in the [Oslo Manual 2018](#). This definition includes any of the following activities, if they occurred during the survey period:

1. the introduction of a new or improved product (goods or services);
2. business processes used to produce or supply all goods or services that the business has introduced, regardless of their origin. These innovations may be new to business or new to the market;
3. engagement in innovation projects not yet complete or abandoned;

A business that had engaged in any of the activities described in points 1 to 3 is defined as being 'innovation active'. A business that had engaged in any of the activities described in points 1 to 4 is defined as a 'broader innovator'. A business that undertakes activity 2 only is described as a 'business process innovator'. This definition is broader than the process innovator definition in UKIS surveys prior to 2023 and is therefore not comparable. It aligns with OECD's revised approach in conceptualising 'innovation'.

In Summary

- In 2022-24, 32.5% of businesses in the WMCA area were innovation active. This is an increase compared to 31.7% in 2020-22. This bucked the national and regional trend as 34.0% of UK businesses were innovation active in 2022-24, a decrease from 36.3% in 2020-22 and for the West Midlands region, there were 33.5% of innovation active businesses, down from 35.4% in 2020-22.
- For innovation activities, since 2020-22, the percentage of WMCA businesses that were product innovators and performing internal R&D increased (to 18.4% and 12.9% respectively).
- For innovation activities, since 2020-22, businesses in the West Midlands region increased in three categories: broader innovator, product innovator and abandoned activities.

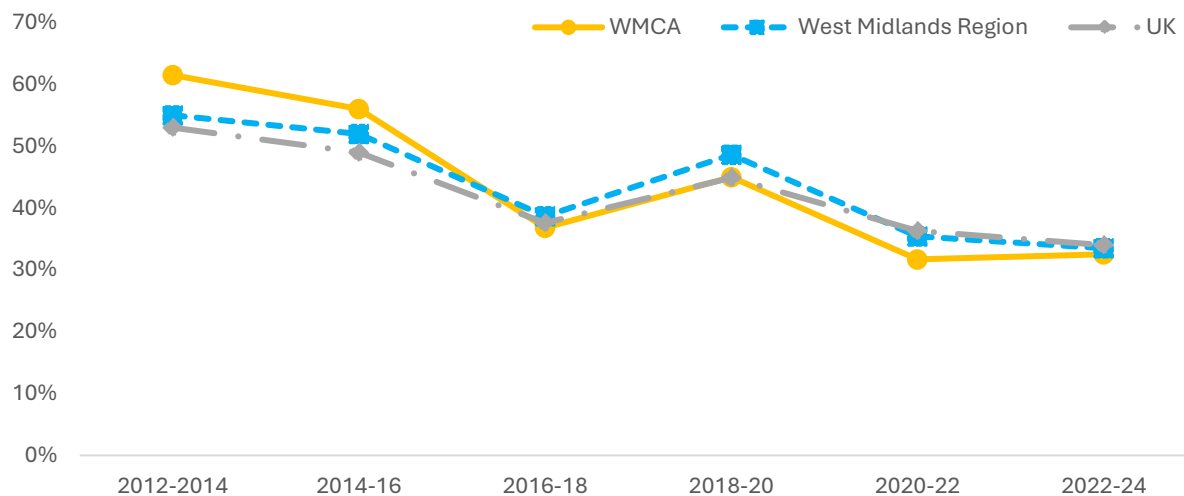
In Detail

Innovation Active – WMCA, WM Region and the UK

- In 2022-24, 32.5% of businesses in the WMCA area were innovation active. This is an increase compared to 31.7% in 2020-22. This bucked the national and regional trend as 34.0% of UK businesses were innovation active in 2022-24, a decrease from 36.3% in 2020-22 and for the West Midlands region, there were 33.5% of innovation active businesses, down from 35.4% in 2020-22.
- At a UK regional level, the East of England had the highest percentage of businesses that were innovation active at 38.5%, the West Midlands was 6th lowest with Wales the lowest at 27.7%.
- Compared to 2020-22, the East Midlands was the only region to experience an increase, from 35.1% to 37.2%. The South West had the largest decrease from 37.3% to 32.3%.
- As seen in the following graph, there was a significant fall in innovation active businesses in 2016-18 for the UK, West Midlands region and WMCA area.

¹ Department for Business & Trade, UK innovation Survey 2025: report, released June 2026.

Trends in Innovation Active Businesses:



Innovation Activities – WMCA and WM Region

- The following table compares innovation activities for the WMCA area between 2020-22 and 2022-24. There is a mixed picture for change, as the percentage of WMCA businesses that were product innovators and performing internal R&D increased, while the percentage of WMCA businesses that were business process innovators and introducing products not previously offered by any of your competitors decreased.

Innovation Activities:

	WMCA 2020-22	WMCA 2022-24
Innovation active (percentage of businesses)	31.7%	32.5%
Product innovator (percentage of businesses)	14.7%	18.4%
Business Process innovator (percentage of businesses)	28.3%	21.8%
Performing Internal R&D (percentage of businesses)	11.5%	12.9%
Businesses introducing products not previously offered by any of your competitors (percentage of turnover)	21.1%	20.2%

- The following tables shows that businesses in the West Midlands increased in three categories: broader innovator, product innovator and abandoned activities. For the UK there was only an increase in broader innovator.

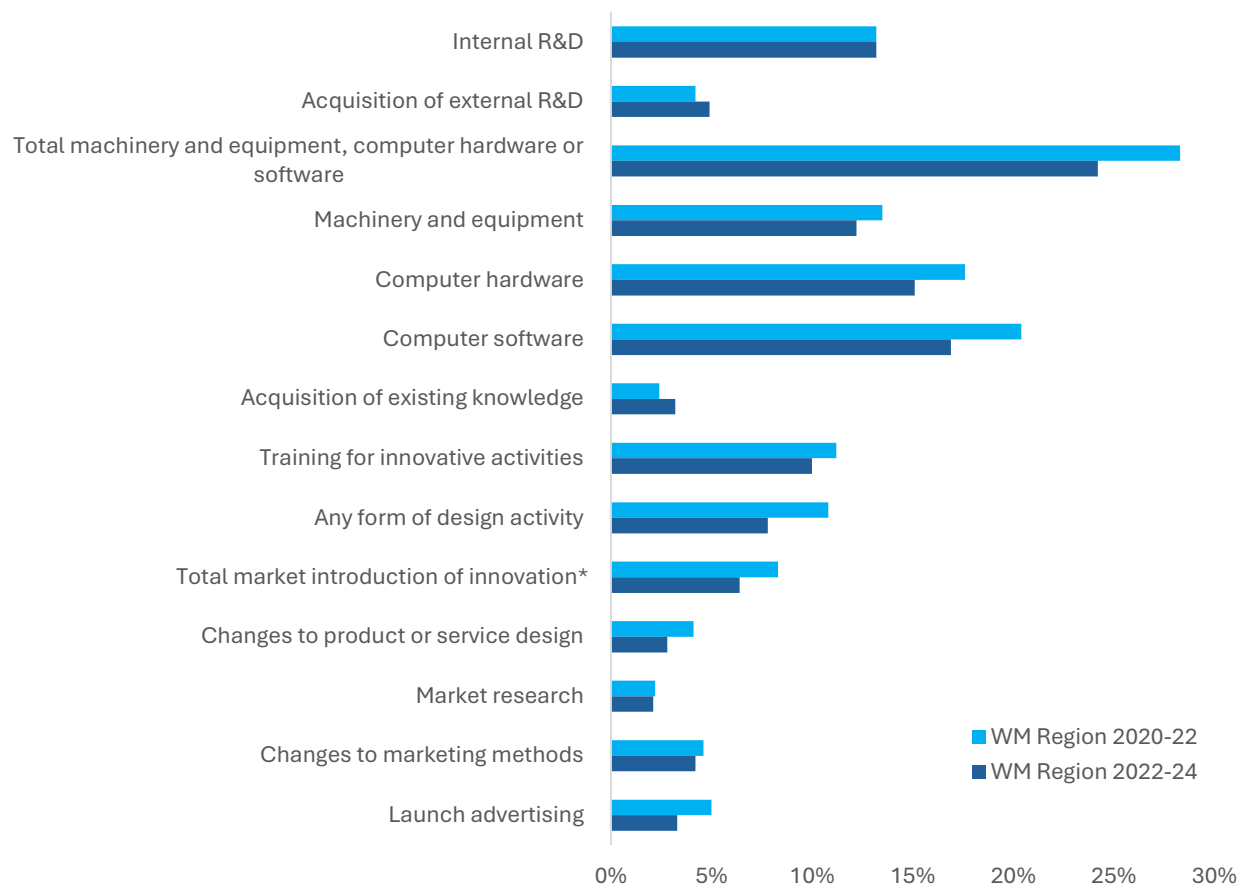
Businesses Engaging in Innovation Activity, by Type of Activity, for the West Midlands Region and the UK:

	WM 2020-22	WM 2022-24	UK 2020-22	UK 2022-24
Innovation active	35.4%	33.5%	36.3%	34.0%
Broader innovator	38.0%	39.8%	38.8%	39.4%
Undertaking innovation activities	37.1%	34.3%	37.2%	34.5%
Product innovator	17.5%	18.9%	19.4%	18.9%
Business Process innovator	30.1%	22.9%	29.0%	25.3%
Abandoned activities	3.4%	3.5%	3.2%	3.1%
On-going activities	10.3%	10.1%	10.9%	9.7%
Both product AND business process innovator	13.1%	10.7%	13.2%	11.9%
Either product OR business process innovator	34.5%	31.1%	35.3%	32.3%

Innovation Activity: Percentage of Businesses Investing in Each Type of Activity – WM Region

- The following graph shows an increase for businesses in the West Midlands in the acquisition of external R&D (from 4.2% to 4.9%), while nationally there was a decrease from 4.8% to 3.9%. There was also an increase for West Midlands businesses for the acquisition of existing knowledge (from 2.4% to 3.2%), while nationally there was a decrease from 3.2% to 3.1%.
- The West Midlands region had a higher percentage than nationally for internal R&D (13.2% vs 12.6%), acquisition of external R&D, machinery & equipment (12.2% vs 11.8%), acquisition of existing knowledge and changes to marketing methods (4.2% vs 3.9%).

Innovation Activity: Percentage of Businesses Investing in Each Type of Activity, WM Region:



Innovation Factors (percentage of broader innovators rating listed factors driving innovation as “highly important”) – WM Region and the UK

- Following the national trend, the main factors driving innovation in the West Midlands region were improving quality of goods or services, meet regulatory requirements and increasing value added. However, there have been a decrease in all categories since 2020-22 for the West Midlands.

Innovation Factors:

	WM 2020-22	WM 2022-24	UK 2020-22	UK 2022-24
Increasing range of goods or services	32.2%	19.2%	30.8%	28.2%
Entering new market	26.9%	16.2%	20.9%	20.9%
Increasing market share	29.8%	26.0%	28.7%	27.7%
Improving quality of goods or services	49.5%	45.2%	45.5%	44.1%
Improving flexibility for producing goods or services	34.3%	26.2%	28.5%	25.9%
Increasing capacity for producing goods or services	35.6%	26.9%	28.6%	25.9%
Increasing value added	39.5%	31.4%	35.5%	34.1%
Reducing costs per unit produced or provided	27.1%	26.2%	25.7%	27.1%
Improving health and safety	29.1%	26.8%	24.0%	24.6%
Reducing environmental impact	24.7%	21.2%	24.0%	23.2%
Replacing outdated products or processes	38.7%	29.0%	31.5%	29.1%
Meet regulatory requirements	42.0%	32.8%	37.3%	37.5%
Meeting technical, industry or service standards	36.8%	29.6%	33.3%	33.3%
Issues related to the coronavirus (COVID-19) pandemic	30.3%	14.1%	27.9%	16.2%
Energy prices	30.2%	22.6%	27.7%	23.3%

Reasons for Not Innovating (percentage of non-broader innovative businesses) – WM Region and the UK

- The mean reason for both West Midlands businesses and UK businesses not innovating was no need due to previous innovations at 48.2% and 47.4% respectively. This reason increased from 28.7% in the West Midlands and 32% for the UK since 2020-22.

Reasons for Not Innovating:

	WM 2020-22	WM 2022-24	UK 2020-22	UK 2022-24
No need due to previous innovations	28.7%	48.2%	32.0%	47.4%
No need due to market conditions	34.9%	30.4%	38.0%	29.6%
UK does not have a business environment which encourages companies to innovate	5.2%	7.4%	4.8%	6.5%
Lack of qualified personnel	6.7%	2.3%	5.1%	3.9%
Availability or costs of finance	17.0%	9.4%	12.6%	8.0%
Issues related to the coronavirus (COVID-19) pandemic	8.6%	3.2%	10.3%	3.3%

Skills - Average Percentage of Employees that Hold a Degree or Higher, Broken Down by Broader Innovators and Non-Broader Innovators – WM Region and the UK

- In the West Midlands region, the highest proportion that hold a degree or higher was highest for all businesses, broader innovators and non-broader innovators in other subjects (12.8%, 14.3% and 11.3% respectively). Similar patterns can be seen for the UK.
- As seen in the following table, there were decreases in the West Midlands region for all businesses: other subjects and non-broader innovators: other subjects.
- In 2022-24, the West Midlands region had lower proportions in all categories.

Average Percentage of Employees that Hold a Degree or Higher:

	WM 2020-22	WM 2022-24		UK 2020-22	UK 2022-24
All businesses: Science or engineering subjects	6.1%	7.3%		10.7%	11.6%
All businesses: Other subjects	12.8%	12.7%		17.8%	18.3%
Broader innovators: Science or engineering subjects	9.2%	10.9%		15.0%	15.8%
Broader innovators: Other subjects	14.3%	15.1%		20.6%	21.0%
Non innovators: Science or engineering subjects	3.0%	3.6%		6.5%	7.1%
Non innovators: Other subjects	11.3%	10.2%		15.0%	15.5%

Skills - Percentage of Businesses Employing Individuals In-house or Obtaining Listed Skills from External Sources (all businesses) – WM Region and the UK

- For the West Midlands region, the highest percentage is for graphic arts, layout or advertising at 15.8%, while for the UK it is in multimedia, web design at 16.5%.
- The West Midlands region has a higher percentage than nationally in engineering or applied sciences (11.7% vs 11.4%).
- The West Midlands saw increases in engineering or applied sciences and mathematics or statistics.

Percentage of Businesses Employing Individuals In-house or Obtaining Listed Skills from External Sources:

	WM 2020-22	WM 2022-24		UK 2020-22	UK 2022-24
Graphic arts, layout or advertising	17.9%	15.8%		17.1%	15.9%
Design of objects or services	10.8%	8.1%		10.6%	9.6%
Multimedia, web design	17.5%	15.7%		16.7%	16.5%
Software development or database management	14.9%	14.0%		14.9%	15.1%
Engineering or applied sciences	11.3%	11.7%		11.1%	11.4%
Mathematics or statistics	5.5%	7.4%		7.3%	7.8%
Data Scientist	2.7%	2.2%		3.8%	4.2%