

# MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

## Factors affecting innovation in the Midlands

### Theme:

Innovation and Levelling Up.

### Area of Focus:

This insight investigates potential innovation factors within nine UK regions and seeks to identify areas in different regions that have greater levels of innovation, while focusing on important factors in the Midlands specifically.

### Key Findings:

In 2022, the UK government's Levelling Up White Paper highlighted the critical role of innovation in driving economic growth across the country. However, it emphasised the issue of over-concentration of innovation within the southern regions, contributing to uneven levels of growth and productivity across the country.

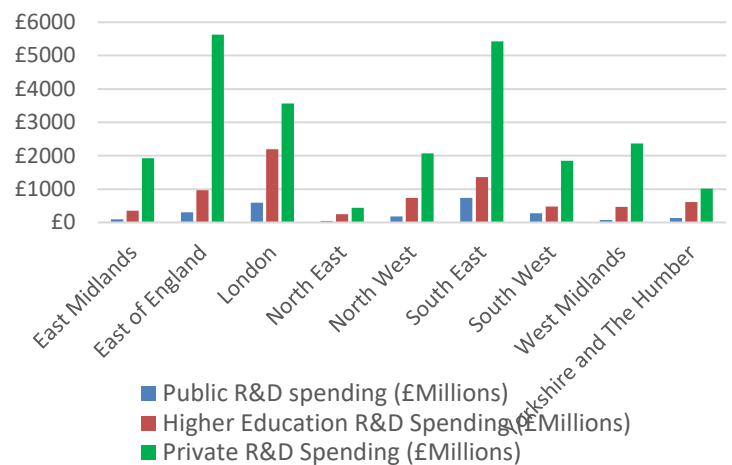
Regrettably, this has left regions such as the Midlands lagging on innovation levels despite industry strengths in sectors like automotive experiencing strong business-led R&D growth. Statistics from 1988 to 2018 reveal that London produced around 31% more patents than the East Midlands and West Midlands combined.

Moreover, when looking at R&D spend, both the East and West Midlands trail significantly behind the national average across all spending types. The Midlands region also falls below the average in terms of employing university staff, which further exacerbates the region's disparity in innovation and R&D activities.

In this study, the result of pairwise correlation analysis reveals a strong-positive correlation between university staff numbers and patent numbers, underscoring the importance of a robust academic workforce and intellectual property.

It is thus crucial to address these disparities to foster a more innovative environment in the region. By investing in R&D, promoting collaborations between businesses and university expertise, and supporting entrepreneurship, the Midlands can unlock its untapped potential and bridge the gap with other regions.

Levels of R&D spending in each region (£m)



### **Midlands Engine Impact:**

- Spending on R&D is an important driver to higher levels of innovation within UK regions. The Midlands should focus on attracting higher levels of Public R&D investment through more applications, generating innovative ideas of interest to government funding, or by lobbying the UK government to allocate more funds to the region.
- Higher Education R&D showed the strongest correlation with patent numbers. As such, the Midlands should increase spending either through increasing grants available to Higher Education institutions in the region, or by focusing them on areas of interest for the UK government.
- Attracting greater numbers of university staff is also strongly correlated with higher innovation levels. Hence, the Midlands should increase the number of university staff members in the region, either by expanding existing universities or establishing new ones.

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