



BIFRÖST UNIVERSITY
HÁSKÓLINN Á BIFRÖST

Centre of Regional and Municipality Studies

Regional Analysis of Innovation in Iceland and the Effect of Innovation Funds



BYGGÐASTOFNUN



SAMTÖK SVEITARFÉLAGA Á VESTURLANDI

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Topic

- *Regional disparity of innovation in Iceland: Does business innovation differ by region in Iceland, and do known influencing factors in the business environment of companies, such as the support system, affect innovation in rural areas?*
- *Subtopic: What is the aspect of creative industries in that regard?*



Data (more later)

- Survey among all companies in Iceland
- A self-reported innovation
- One question and a statement
 - **New Goods:** To what extent can the firm's income be traced to new goods or services?
 - **R&D:** The firm is developing a new good or service.

RESULTS





New goods

- More likely
 - Westfjords (i. Vestfirðir)
 - Younger companies
 - Collaboration in R&D
 - Demanding customers
 - Distance to Reykjavík (-)
 - Price elasticity (-)
 - Supporting system
 - R&D tax benefits
 - Regional development funds
 - Other funds
 - Life-long learning centres (-)
 - Industries
 - Tourism (-)
 - Fisheries (-)
 - Energy (-)
 - Creative Industries



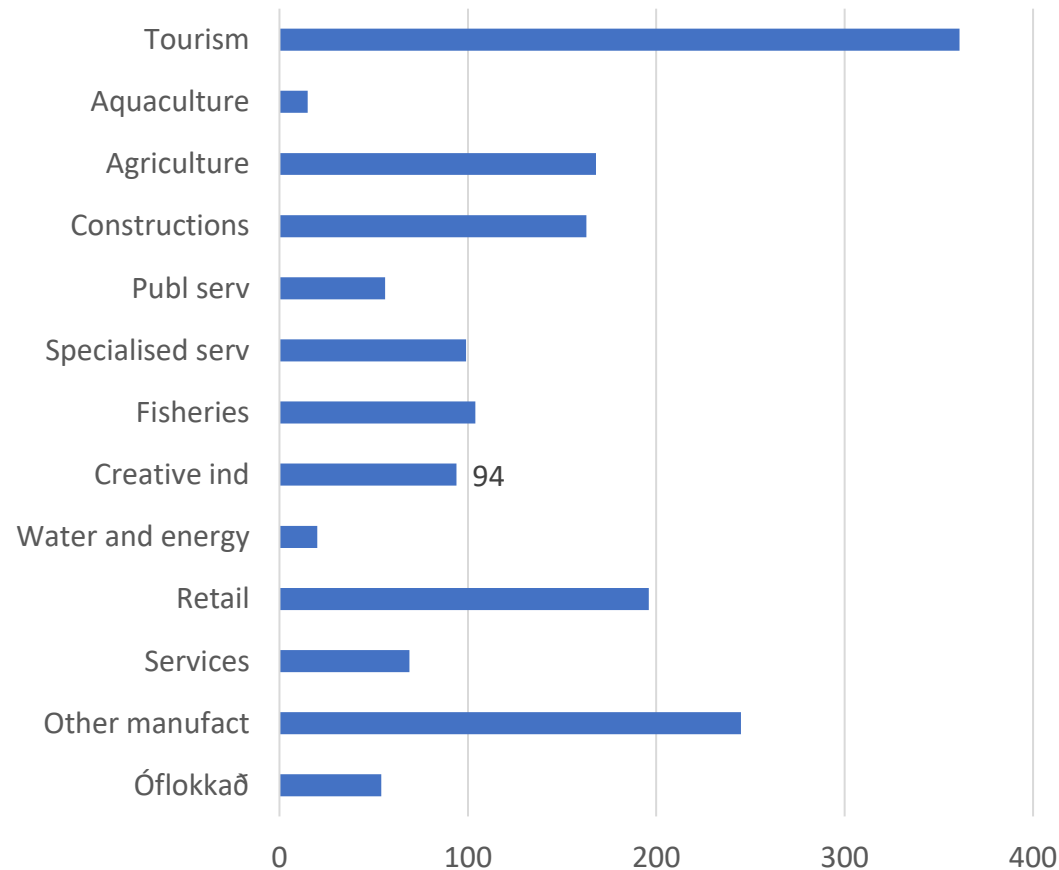
R&D

- More likely
 - Northwest (Norðurland vestra) (-)
 - East coast (Austurland) (-)
 - South coast (Suðurland) (-)
 - Younger companies
 - Collaboration R & D
 - Demanding customers
 - Supporting system
 - Private consultancies
 - Regional development funds
 - Other funds
 - Reg dev inst (-)
 - Industries
 - Fisheries
 - Water and energy (-)
 - Knowledge based ind
 - Public services



Respondents by industries/branches

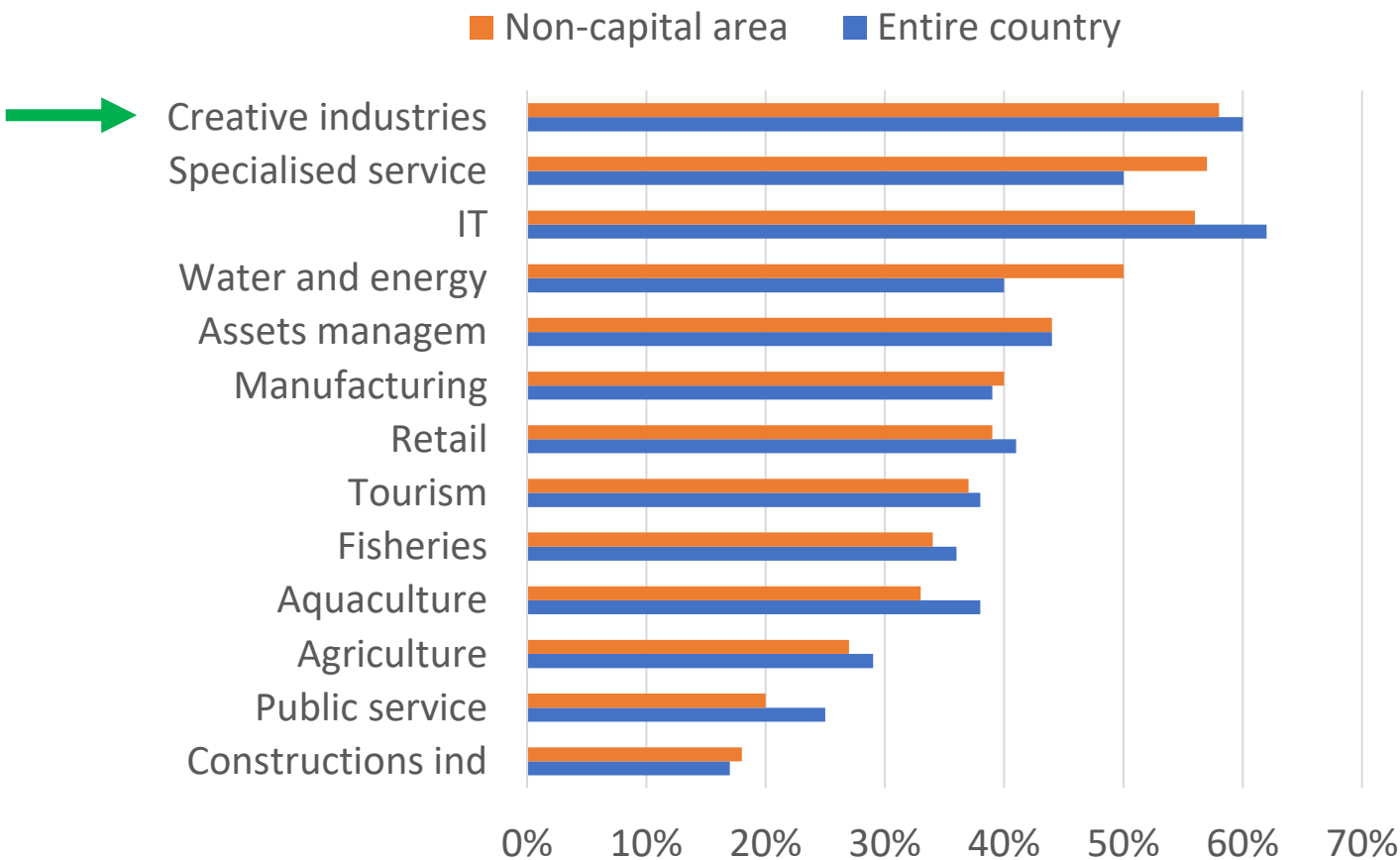
→ Creative industries



- 94 firms within creative industries participated in the survey.



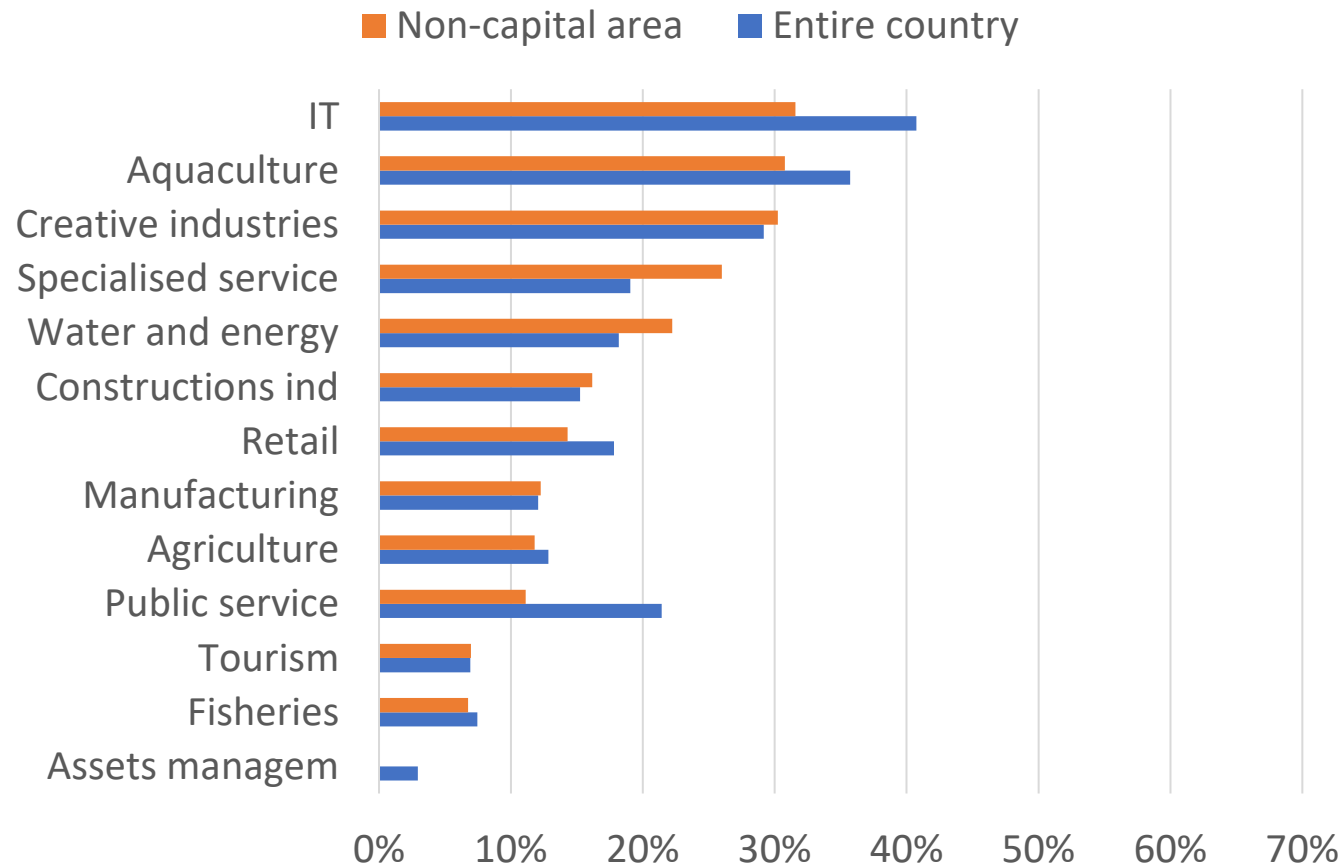
R&D: How many (%) report “a lot”?



- The company is developing a new product (good or a service)
 - The share of them who report “a lot”.



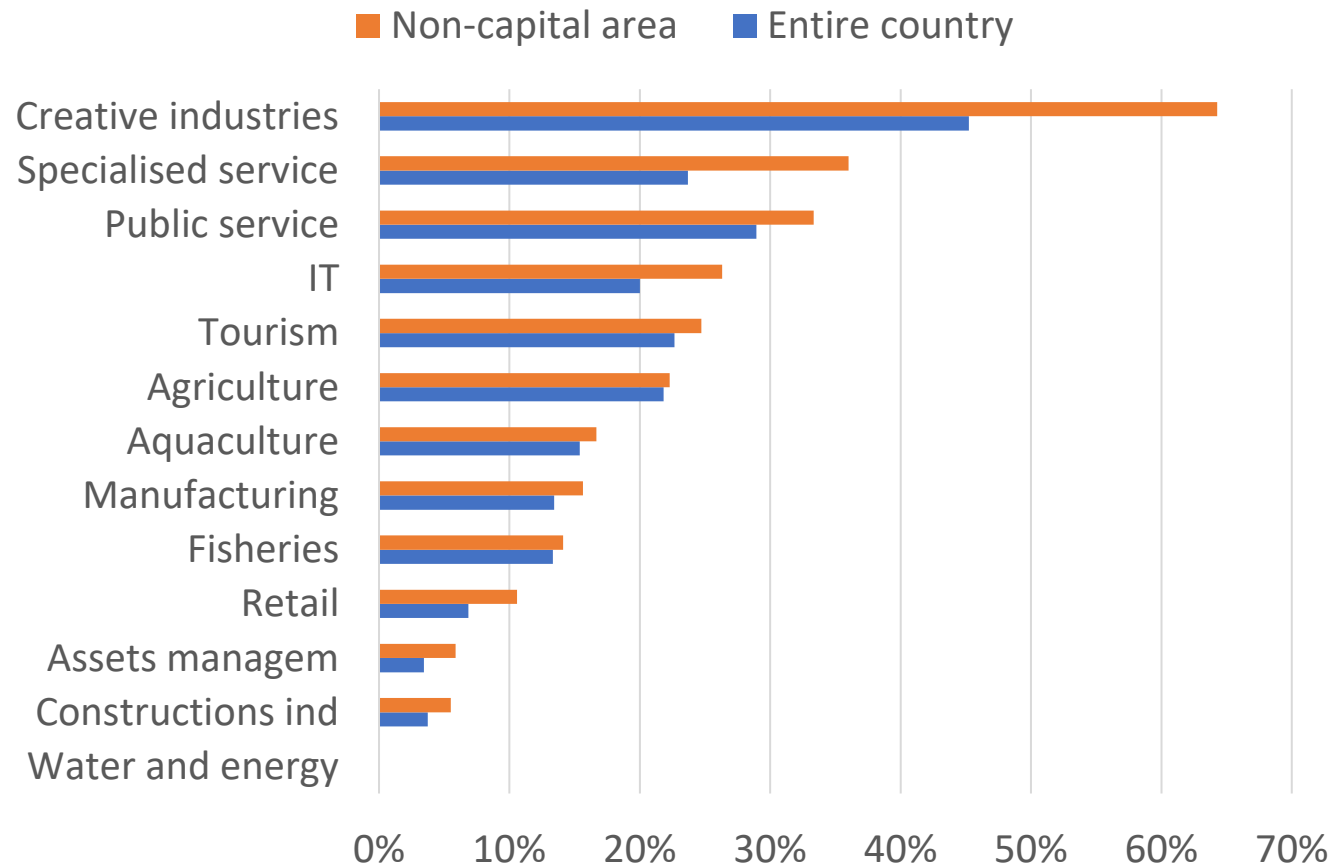
New Goods: How many (%) have more than half (50%) of their income due to “new goods”?



- To what extent will the company's income be traced back to new goods? Please estimate.
 - The share of them who reported more than 50%.



Regional Development Fund (RDF): How many (%) have been funded by the RDF?



- The company has been funded by the RDF (1.020 respondents in district Iceland)

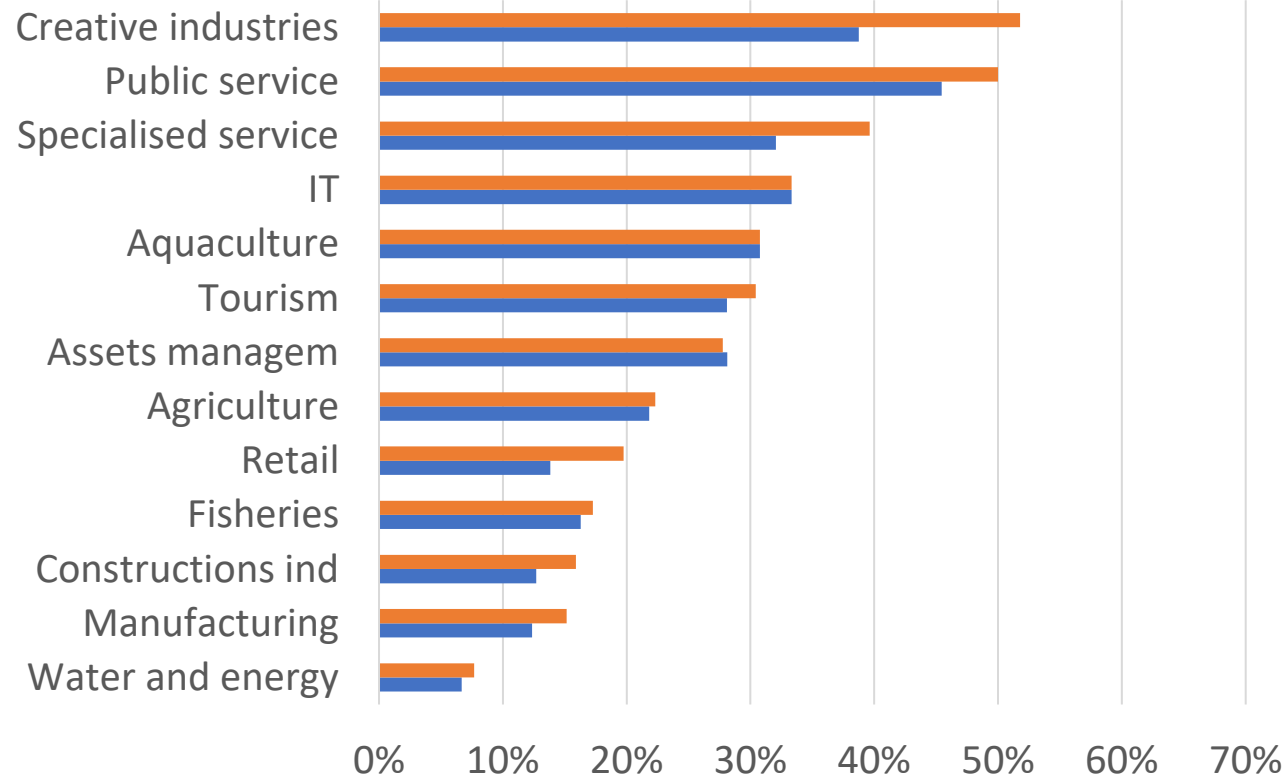


Other results



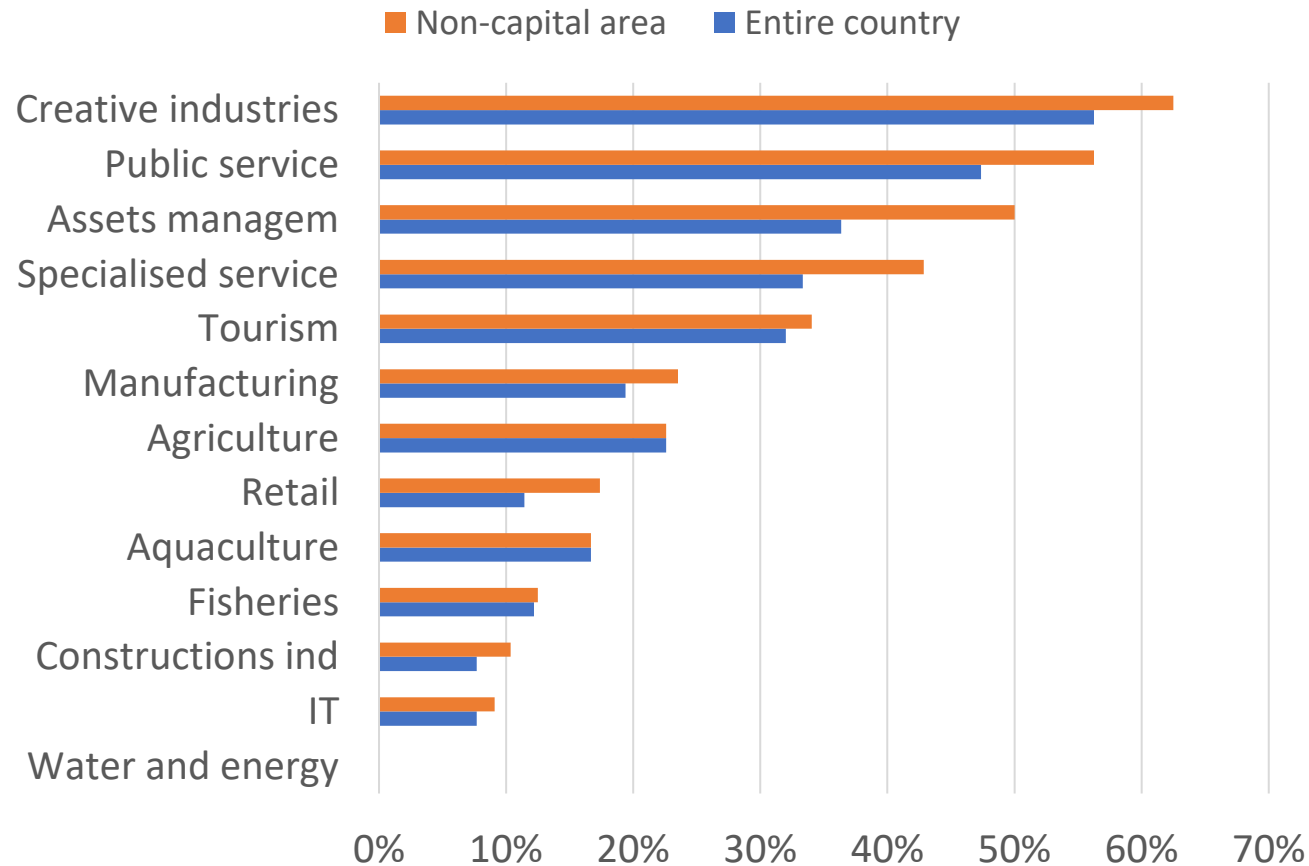
Awareness of the existence of RDF: The share of those who have a **good understanding** of the existence of RDF

Non-capital area Entire country



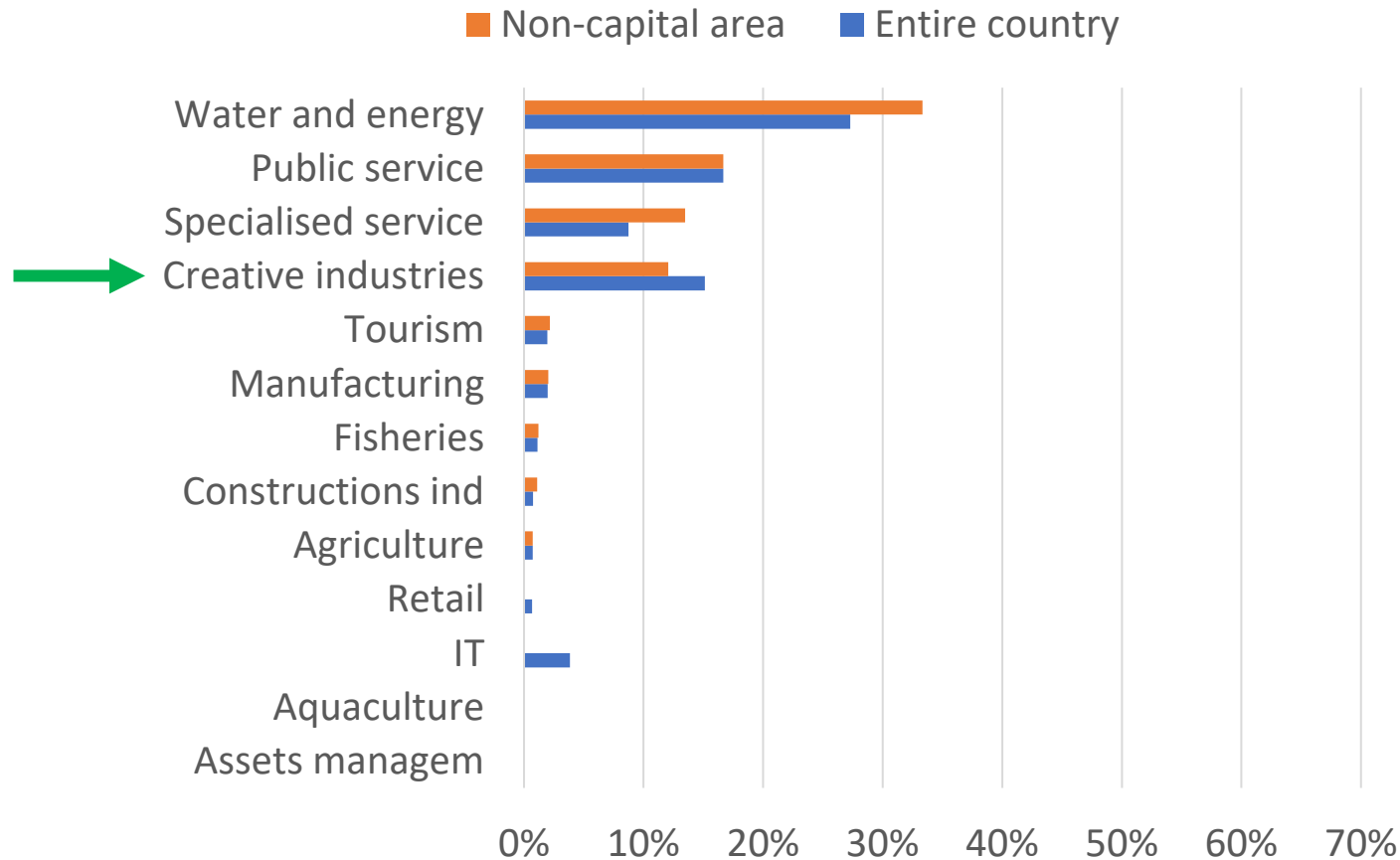


Satisfactory service by the RDF. How many (%) are **satisfied**?



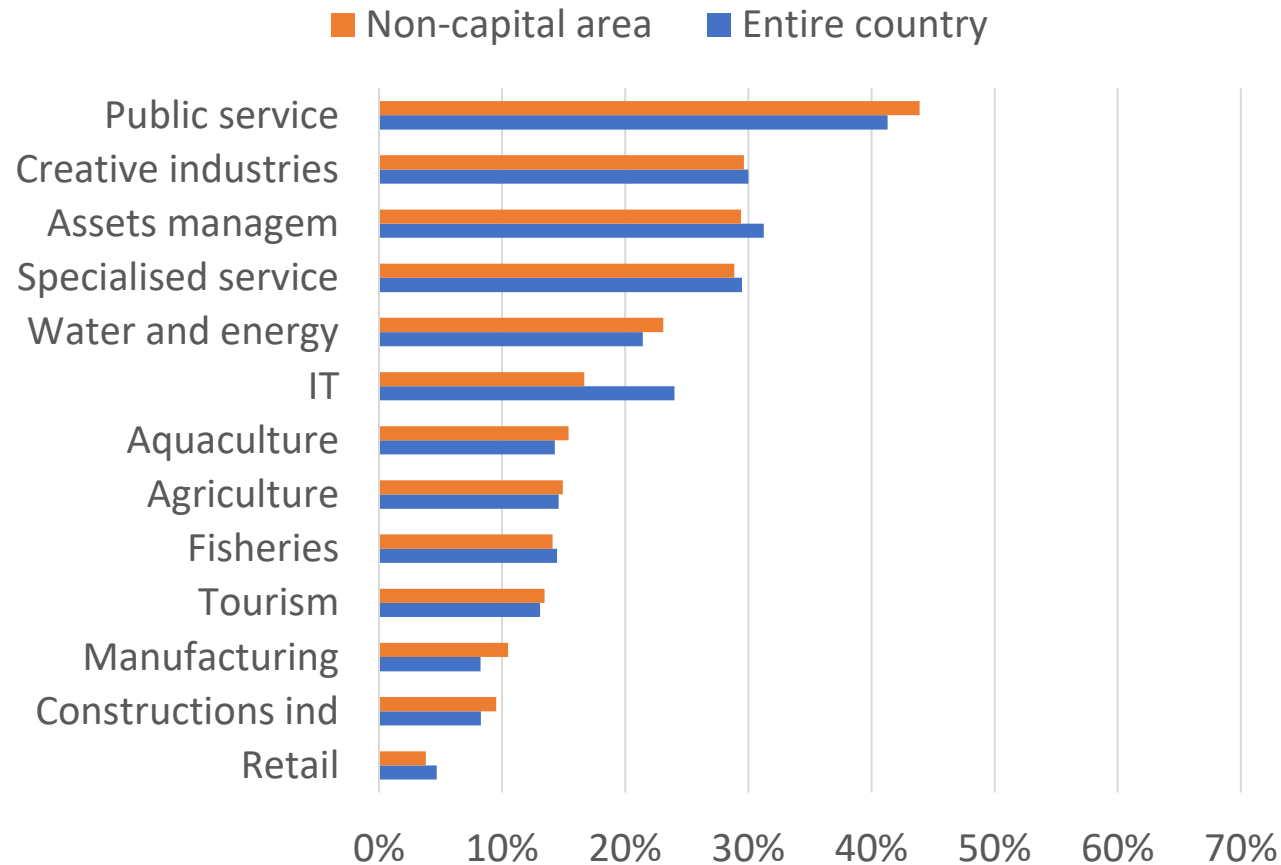


How many (%) report that “The firm has received other funding”





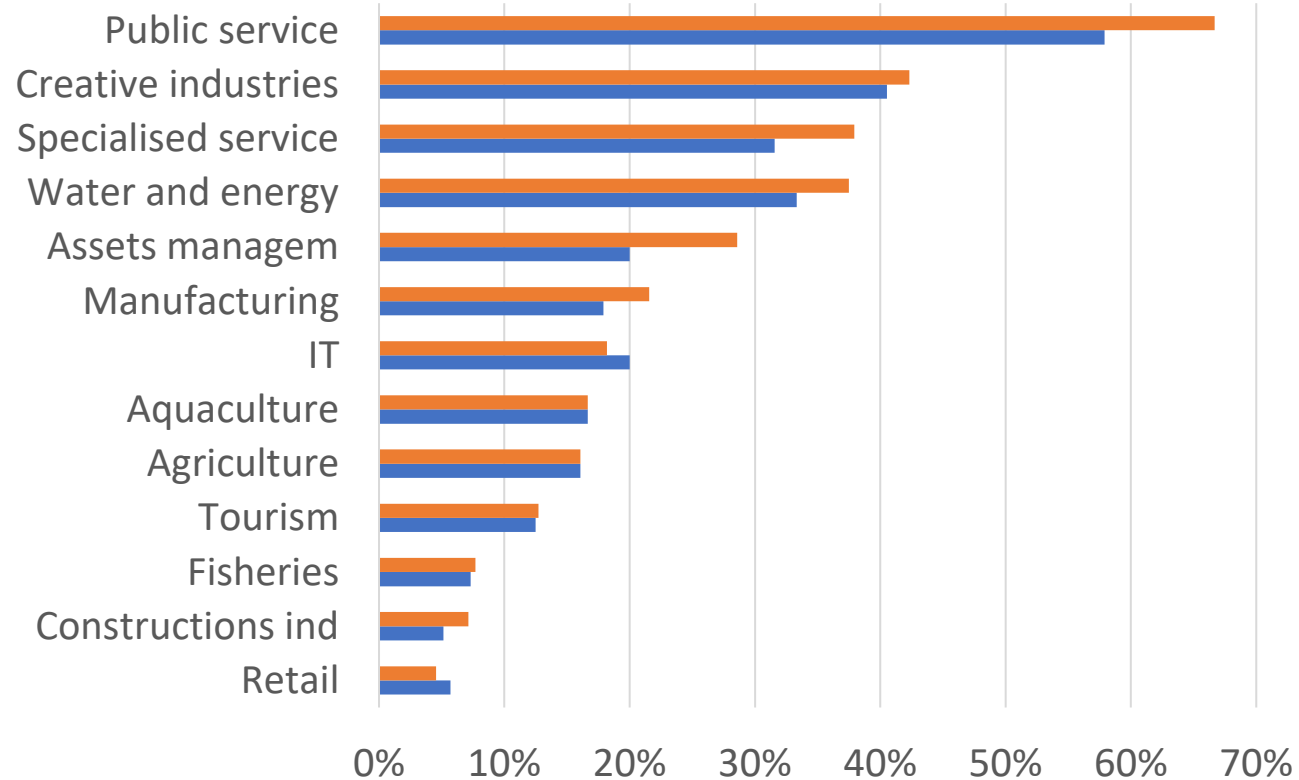
How many (%) firms confirm knowing the existence of funds other than RDF?





How many (%) report that they are satisfied with the service of other funds?

■ Non-capital area ■ Entire country





Models, process,
data, and results in
details



Regression analysis

- Regression analysis confirms the main results
- Moreover, without funding, the innovation of creative industries would be close to zero
 - Both the **Reg dev fund** and **other funding**



Data

- Surveys among operating firms in Iceland
 - First 2013
 - Entire country 2018, **2019, 2022 (soon 2025)**
- The objective is emails to the entire population
 - 1.600 to 2.000 participants each year



Method, models

- Regression models
 - Ordered response model
- Three dependent variables
 - New Goods
 - R & D
 - Developing Processes
- The Research process
 - The Model of three steps
 - Regions
 - Regions and industries
 - Regions, industries, supporting networks, and other variables
 - Dropping insignificant variables to enlarge the sample
- Explanatory variables
 - Regions
 - Suðurnes, Vesturland, Vestfirðir, Norðurland vestra, Norðurland eystra, Austurland, Suðurland (Capital area dropped)
 - Industries
 - Tourism, Fisheries, Agriculture, Retail, Energy, Construction, KBI, Publ serv, Creative Ind, Other serv, Aquaculture,
 - (Other industries dropped)



Method, models (Cont.)

- Explanatory variables
 - Supporting Ind
 - RDTaxRed, PrivCons, RegDevFnd, OthFnd, RegLifeLongLearning, RegDevInst.
 - Other variables
 - Age, CollabRD, DemCust, DistanceMaRvk, UrPopHq, PriceEl, CustmAbroad, Universities
- Universities
 - Reykjavík, Borgarbyggð, Ísafjörður, Sveitarfélagið Skagafjörður, Akureyri



Nr. Of observations

- Somewhere between 700 to 1,100



Thank you for
listening!

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