Broadband, productivity and the Welsh Economy

In our latest post, Dr Dylan Henderson gives us a flavour of the research findings from his work on digital technologies in Wales as the Welsh Economy Research Unit prepares to launch its annual Economic Impact Report on 22 May.

For SMEs, adopting and using digital technologies is central to business productivity. It offers a range of applications from e-commerce and social media to voice over internet telephony and cloud computing.

And our research suggests that this kind of tech is one way for Welsh businesses to respond to ongoing economic uncertainties; to become more productive through new ways of working, reaching customers and offering new services.

To better understand these issues and the opportunity for greater SME digital technology use, Cardiff Business School’s Welsh Economy Research Unit will be launching its annual Economic Impact Report at the Regional Studies Association Wales and South West Section Conference on Wednesday 22 May in the Park Plaza Hotel, Cardiff.

The report evidences the positive effect of digital technologies and their potential impact on productivity.

“It shows that some £130m has been added to the Welsh economy in 2018, with just over 1,000 new jobs created as a result of digital technology adoption and use.”

At the conference, which will bring together practitioners from business and academia as well as government and policy makers, we’ll present our findings and discuss the opportunities for digital technology use to address Wales’ productivity challenge.

Filling in the gaps

Our survey research on SMEs in Wales also reveals the benefits of digital technology use. Greater numbers are making use of an ever-wider range of cloud-based digital technologies by selling/purchasing online and enjoying the benefits this brings.

“Businesses that are actively exploiting these technologies and embedding them across their operational processes now account for 54% - more than half - of SMEs in Wales.”

These developments, however, are not evenly spread across Wales.

As expected, cities, with their greater proportion of high growth businesses, account for the largest share of benefits. That said, recent improvements in superfast broadband access and evidence of greater take-up show how positive trends in adoption across both rural and urban spaces in Wales might aid in closing intra-regional productivity gaps.

While Wales’ productivity challenges remain stubbornly high, our research shows that roll-out and take up of digital technologies may provide the basis for improving the productivity of the SME base through existing technologies.

The good news is that Welsh Government, through pan-Wales programmes such as Superfast Business Wales, are providing help to those SMEs that are struggling to maximise the benefits of superfast broadband.
Businesses such as Lloyds Bank, Google and Amazon among others are also increasingly seeking to support SMEs. This is leading to an ever-growing range of support that can be utilised by Welsh SMEs.

At Cardiff Business School, we too will continue to monitor the adoption and use of digital technologies by SMEs in Wales, and report on the resulting impact on the productivity on SMEs, sectors and regions of the Welsh Economy.

Register now to join us at the Park Plaza Hotel on Wednesday 22 May and find out how digital technology can help your business.

Dr Dylan Henderson is Senior Research Fellow at the Welsh Economy Research Unit in Cardiff Business School.

This post was written in collaboration with Laura Norris, a Research student at Cardiff University’s School of Geography and Planning.