

## **Bolster business and financial support for creative industries micro-firms to achieve UK innovation and growth ambitions – says new Creative PEC Research**

**Embargoed 10am Wednesday 17 December 2025**

Creative industries micro firms have been shown to be almost 20% more likely to engage in Research & Development (R&D) than firms in other sectors, according to new research published today by the Creative Industries Policy and Evidence Centre (Creative PEC). The findings suggest creative industries micro firms have a vital role to play in driving innovation, which is key for helping the government achieve its productivity and growth ambitions.

Micro firms (those employing fewer than ten people) make up 93% of the creative industries but often do not appear in official statistics on innovation due to their relative size. Until now, relatively little has been known about their R&D activity.

Today's study adds much needed insights to the evidence base, showing how these firms are significantly more likely to view the integration of new technology as vital to their development compared with firms, including those in the other priority sectors in the Government's Industrial Strategy. However, the analysis also shows that creative micro firms face barriers in accessing business support including (but not limited to) finance support to continue driving R&D and innovation, highlighting areas where further policy interventions could be initiated.

Key findings:

- 64% of the creative industries micro firms surveyed have participated in some form of R&D in the past three years, compared with 46% of all micro firms across the economy.
- Creative industries micro- firms are significantly more likely than the wider population of micro firms – and firms in other Industrial Strategy priority sectors – to consider the integration of new technology into their products and services as vital.
- 44% of creative industries micro firms plan to engage in R&D over the next three years, compared with just 24% of micro firms more generally.

- There are clear gaps in information: half of R&D-active creative micro firms do not access guidance or advice about R&D and innovation, significantly more than micro firms in other Industrial Strategy priority sectors.

**Professor Christopher Smith, Executive Chair of the Arts and humanities Research Council (AHRC) and UKRI creative industries sector champion says:**

“These findings underline how innovation in the creative industries is so often built from the ground up, the result of the labours of thousands of micro firms across the UK. That is why it is so important that we provide the right conditions and tools for them to succeed.

“This underlines our ambition to support the sector through our forthcoming Creative Industries R&D Strategy and investments such as the Creative Industries Clusters and CoSTAR.

“Through fostering and harnessing the remarkable creative energies of our innovators we are ensuring the UK’s creative industries remain a national and international success story.”

**Dr. Josh Siepel, report author and Associate Professor of Management University of Sussex says:**

“Innovation is a major part of the UK’s long-term plans to increase productivity and drive growth, and creative micro businesses clearly have an important role to play. This report provides new insight on how these businesses engage in innovation and the changing nature of the support they have received. Targeted and clear support measures could help companies invest more and better understand the support mechanisms that are available to them.”

**Dr. Emily Hopkins, Policy Adviser, Creative PEC says:**

“This report reveals for the first time that creative micro firms are much more likely to engage in R&D than firms in other priority sectors, including those highlighted in the Industrial Strategy. This shows how the creative industries play a crucial innovative role in the economy. The obstacles they face are not only financial, but also managerial and organisational. Strengthening R&D and innovation in creative micro firms - and therefore supporting the wider economy - will require further targeted support to address these financial and business support needs at the national and local scale.”

Policy considerations:

- Creative micro firms are more likely to engage in R&D, but they face financial, managerial and organisational obstacles. Financial and non-financial support is needed to support innovative activity in micro firms across the creative subsectors.
- Policies to support R&D and innovation in creative sectors need to be coordinated to minimise gaps and duplications. There is also a need for clear signposting for businesses about funding and business support offers, which would help to more effectively communicate the support available for creative micro firms.
- The need for clear pathways for support is particularly relevant for the creative industries, where current and forthcoming interventions from UKRI, the British Business Bank and the National Wealth Fund all have the potential to access untapped demand for innovation and growth support. These require alignment to ensure appropriate support is available for all innovative creative firms, regardless of size.
- With a continued focus on place-based policy interventions, such as creative clusters and the Local Innovation Partnership Fund, it is important to ensure that creative micro firms are appropriately supported with targeted interventions within these programmes to continue their high innovation activity.
- Many evidence and data gaps remain relating to R&D and innovation for creative industries, particularly for creative micro firms. Data on current R&D interventions, (such as R&D tax credits and tax relief) should be made publicly available, and future programmes should prioritise monitoring and evaluation to share learnings.

/ENDS

**Download the report: ‘Support for R&D and innovation in creative industries micro firms’ by Dr Josh Siepel** [https://pec.ac.uk/state\\_of\\_the\\_nation/support-for-rd-innovation/](https://pec.ac.uk/state_of_the_nation/support-for-rd-innovation/)  
(from Wednesday 17 December 2025)

**The research team and spokespeople for the Creative PEC are available for comment and interview.**

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## Notes to editors

### 1. State of the Nations reports

The report is part of the Creative PEC's State of the Nations research series, which uses the latest data to inform policymakers on how best to support the creative sector across four

thematic areas. Regular reports on each area will be published annually over the five years of the Arts and Humanities Research Council (AHRC) funding period.

## **2. About the Creative Industries Policy and Evidence Centre (Creative PEC)**

Creative PEC works to support growth of the UK's Creative Industries through the production of independent and authoritative evidence and policy advice. Led by Newcastle University with the Royal Society of Arts and funded by the UKRI Arts and Humanities Research Council, the Centre comprises a core consortium of; Newcastle University, Work Advance, Sussex University and the University of Sheffield. The PEC works with a diverse range of industry partners.

For more details visit [www.pec.ac.uk](http://www.pec.ac.uk), follow us on [LinkedIn](#) and [Bluesky](#), or [sign up to our newsletter](#).

## **3. About The UKRI Arts and Humanities Research Council**

The UKRI Arts and Humanities Research Council (AHRC), part of UK Research and Innovation, funds internationally outstanding independent researchers across the whole range of the arts and humanities: history, archaeology, digital content, philosophy, languages and literature, design, heritage, area studies, the creative and performing arts, and much more. The quality and range of research supported by AHRC works for the good of UK society and culture and contributes both to UK economic success and to the culture and welfare of societies across the globe.

4. 'Support for R&D and innovation in creative industries micro firms' was designed by Mike Green at Green Doe Graphic Design