

8. DETERMINANTS OF ENTREPRENEURSHIP: SELECTED INDICATORS

Access to finance: Success rate in obtaining finance

The ease of financial access is an important factor for starting and growing a business. Financing needs however vary between enterprises with different growth characteristics. The development of information about the sources most used by different types of enterprises and the responses they obtain to their requests of finance contributes to improve policy makers understanding of entrepreneurial finance and the difficulties faced by firms aiming at growing their business.

Definition

The indicators of success rate in obtaining finance show the percentage of approvals of financing requests made by small and medium-sized enterprises (SMEs) of: loans, equity finance, and other finance. For each of the three types, the indicators show the approval rate with respect to the principal source, i.e. respectively banks, existing shareholders, and leasing.

SMEs are defined as enterprises having between 10 and 249 employees.

Gazelles are enterprises that have been employers for a period of up to five years, with average annualised growth in employees greater than 20% a year over a three-year period and with ten or more employees at the beginning of the observation period.

Other high-growth enterprises are enterprises with average annualised growth in employees greater than 20% a year, over a three-year period, and with ten or more employees at the beginning of the observation period.

Comparability

Data are drawn from a survey on access to finance co-ordinated by Eurostat in 2010 in 20 European countries: Belgium, Bulgaria, Cyprus, Denmark, Finland, France,

Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Slovakia, Spain, Sweden and the United Kingdom. For each country, a representative sample from the statistical business register covered enterprises with the following characteristics: operating in the business sector, excluding financial services; independent; created at least since 2005, with at least 10 persons but less than 249 employed in 2005 and 2010. The same questionnaire and methodology were used to collect and treat the results.

Highlights

In most European countries, the success rate for requests of bank loans is consistently higher for average enterprises than for enterprises experiencing high-growth. Young high-growing enterprises are the less successful in obtaining bank loans due to their lack of credit history and higher perceived risk. The situation is more diverse across countries as concerns equity finance from existing shareholders. Leasing is the form of finance that appears to be equally suitable for enterprises with different growth characteristics, with approval rates relatively similar in most countries.

Sources/online databases

Eurostat, Structural Business Statistics database, Access to finance, http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/data/database

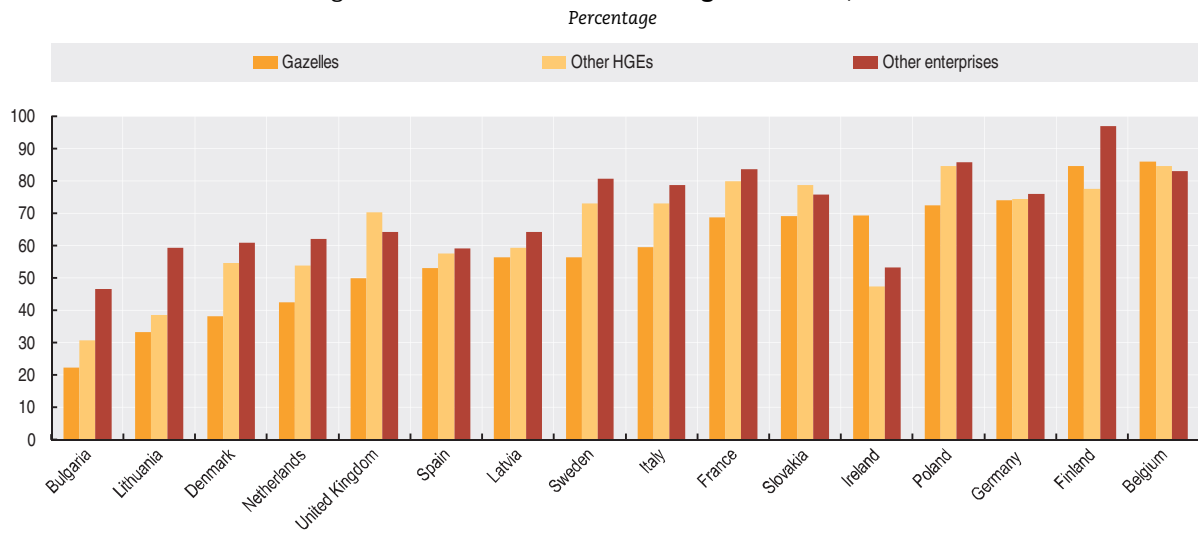
For further readings

Eurostat/OECD (2007), Eurostat-OECD Manual on Business Demography Statistics, OECD Publishing.

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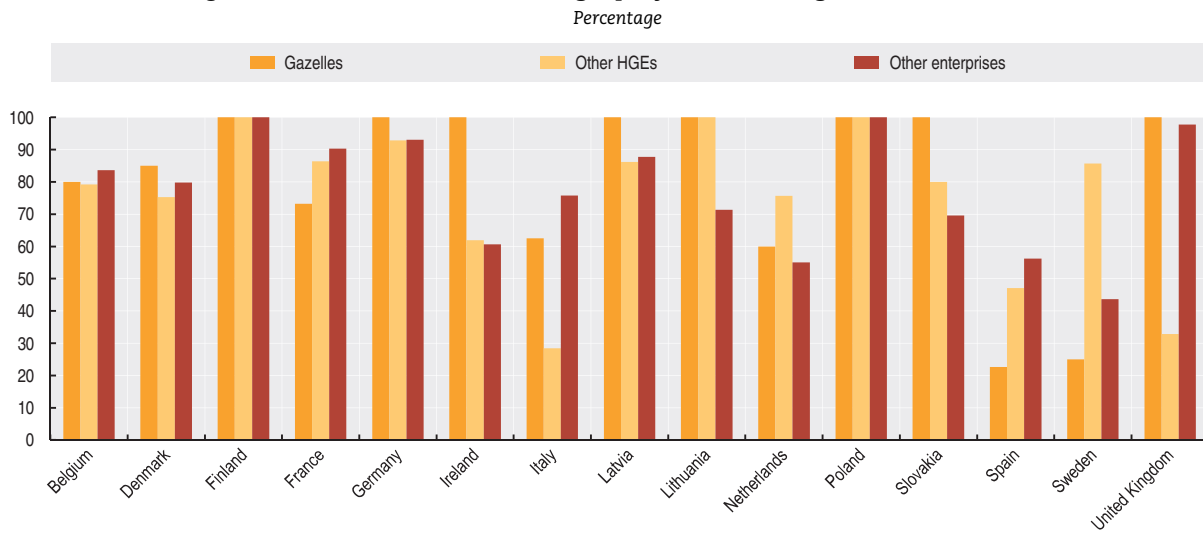
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Figure 8.4 Success rate in obtaining bank loans, 2010



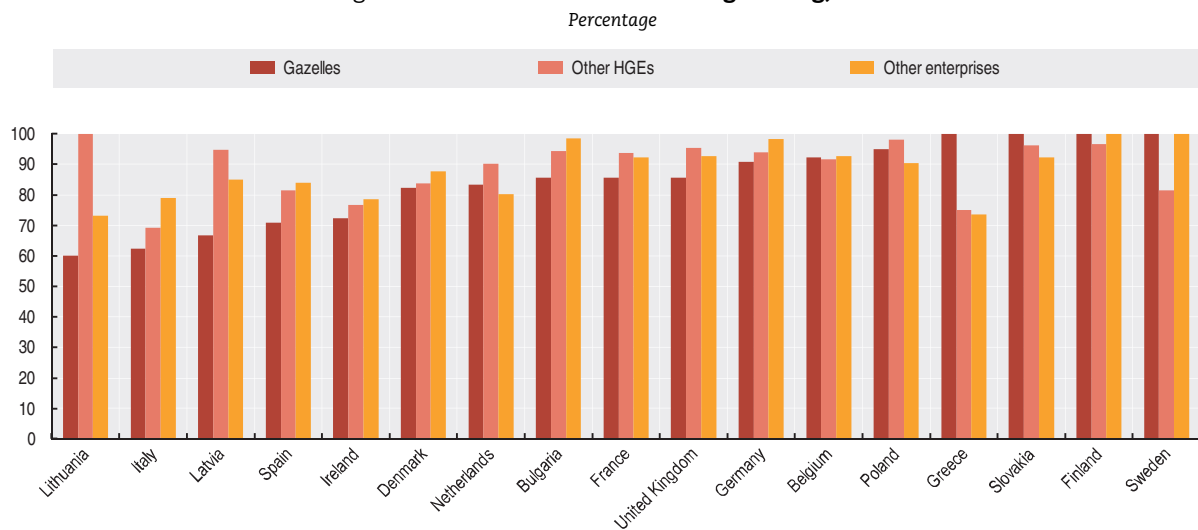
StatLink <http://dx.doi.org/10.1787/888932597980>

Figure 8.5 Success rate in obtaining equity from existing shareholders, 2010



StatLink <http://dx.doi.org/10.1787/888932597999>

Figure 8.6 Success rate in obtaining leasing, 2010



StatLink <http://dx.doi.org/10.1787/888932598018>



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