

Employment creation and destruction in surviving enterprises

Key facts

- Young enterprises account from 5 to 12% of total employment. Their contribution to employment decreased from 2008 to 2011.
- Employment creation is driven by the establishment of new enterprises, rather than by the growth of enterprises during their first years of activity. In most of the countries with available data, enterprises that survived for two years did not increase their contribution to total employment with respect to their year of birth.

Relevance

The comparison of the employment share of one-year (two-year) old enterprises in their year of birth with their employment share after one year (two years) of existence, provides an indication of how rapidly the young surviving enterprises are increasing their number of persons employed beyond the initial level and contributing to overall employment changes in the economy.

Definitions

The *employment share of young enterprises* refers to the number of persons employed by employer enterprises that have existed for up to three years, divided by the total number of persons employed.

The *employment in the first (second) survival year* refers to the number of persons employed in employer enterprises surviving one (two) years, divided by the total number of persons employed.

For the definition of “Total economy”, see Reader’s Guide.

Comparability

Data presented refer to the whole population of employer enterprises.

Source/online database

OECD Structural and Demographic Business Statistics (SDBS) Database, <http://dx.doi.org/10.1787/sdbs-data-en>.

For further reading

Ahmad, N. (2006), “A Proposed Framework for Business Demography Statistics”, *OECD Statistics Working Papers*, 2006/3, OECD Publishing, Paris, <http://dx.doi.org/10.1787/145777872685>.

Eurostat/OECD (2007), *Eurostat-OECD Manual on Business Demography Statistics*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264072886-en>.

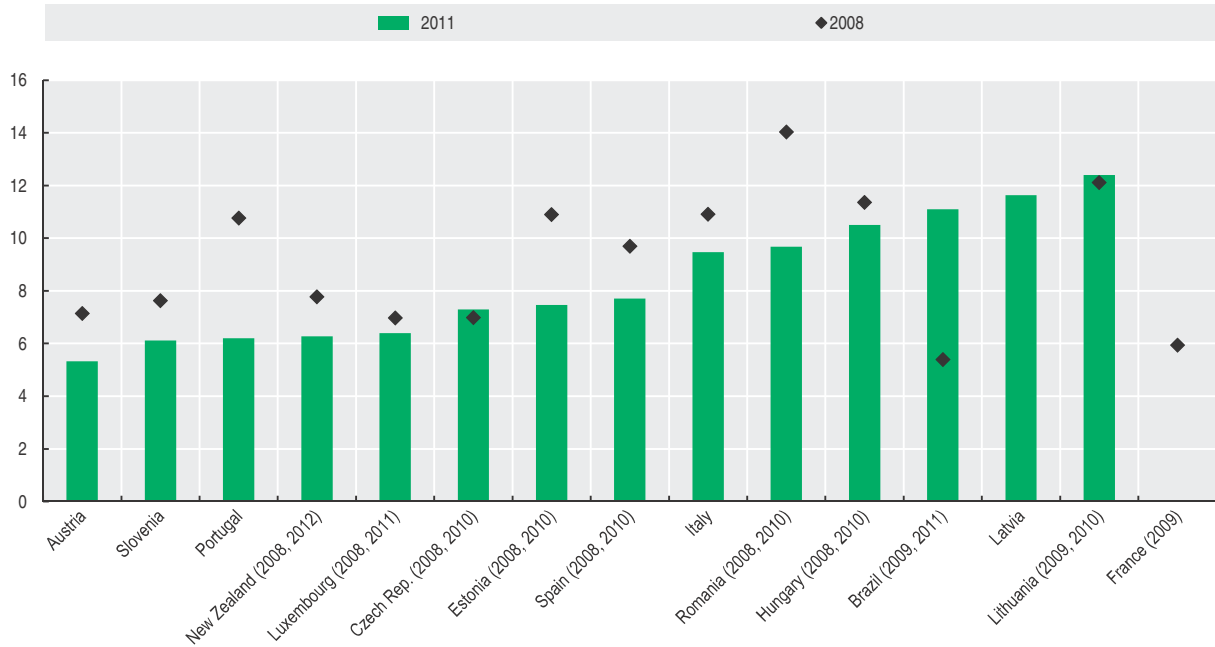
Haltiwanger, J., R.S. Jarmin and J. Miranda (2010), “Who creates jobs? Small vs. Large vs. Young”, *Discussion Papers*, US Census Bureau, www.nber.org/papers/w16300.pdf?new_window=1.

4. ENTERPRISE GROWTH AND EMPLOYMENT CREATION

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Figure 4.5. **Employment share of young enterprises**

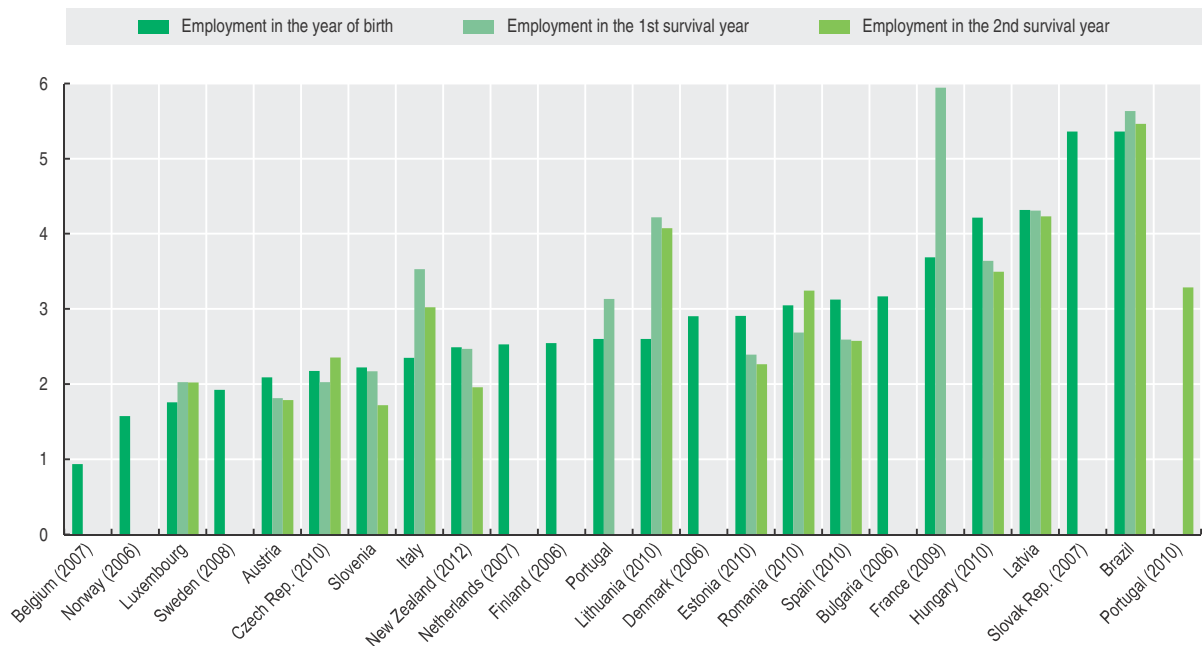
As a percentage of employment in the total economy



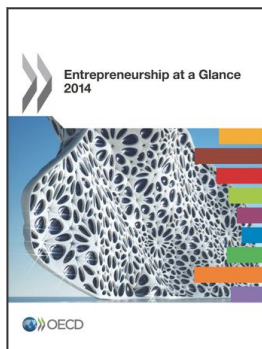
StatLink <http://dx.doi.org/10.1787/888933064335>

Figure 4.6. **Employment share in year of birth, 1st and 2nd survival year, 2011**

As a percentage of employment in the total economy



StatLink <http://dx.doi.org/10.1787/888933064335>



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