

## Reader's guide

This publication presents indicators of entrepreneurship collected by the OECD-Eurostat Entrepreneurship Indicators Programme (EIP). Started in 2006, the programme develops multiple measures of entrepreneurship and its determinants according to a simplified conceptual framework that distinguishes between the manifestation of entrepreneurship, the factors that influence it, and the impacts of entrepreneurship on the economy and society. A set of **indicators of entrepreneurial performance** is proposed for understanding and comparing the amount and type of entrepreneurship which take place in different countries. This approach reflects the idea that analysts should not focus only on enterprise creation or any other single measure to study entrepreneurship: entrepreneurs and entrepreneurial forces can be found in many existing businesses and understanding the dynamism these actors exert on the economy is as important as understanding the dynamics of start-ups.

The indicators of entrepreneurial performance, computed by National Statistical Offices, are presented for the following countries: Australia, Austria, Belgium, Brazil, Bulgaria, Canada, the Czech Republic, Denmark, Estonia, Finland, Hungary, Israel, Italy, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United States.

A selection of **indicators of determinants of entrepreneurship** is also included in the publication: the choice of the indicators was based on their novelty, i.e. they were recently produced and or/updated by their producers.

Each indicator is preceded by a short text that explains what is measured and provides the policy context. A detailed description of the definition and explanations of the comparability of the indicator across countries are also included.

### Indicators

The set of indicators that are part of the EIP framework have not all reached the same degree of development. Some of them are well established components of regular data collections, while others are only developed in a restricted number of countries and their harmonised definition forms the object of discussion and further work. The indicators presented in this publication reflect this diversity:

- A) New enterprise creations
- B) Bankruptcies

- C) Self-employment
- D) Enterprises by size class
- E) Employment by enterprise size class
- F) Value added by enterprise size class
- G) Productivity by enterprise size class
- H) Exports by enterprise size class
- I) Birth rate of employer enterprises
- J) Death rate of employer enterprises
- K) Churn rate of employer enterprises
- L) Survival rate of employer enterprises
- M) Employment creation and destruction by employer enterprise births and deaths
- N) Employment creation and destruction in surviving enterprises
- O) High-growth enterprises rate
- P) Gazelles rate
- Q) Gender differences in self-employment rates
- R) Self-employment among youths and seniors
- S) Self-employment rates of migrants
- T) Earnings from self-employment
- U) Preferences and feasibility for self-employment
- V) Culture: The role of entrepreneurial education
- W) Culture: Attitude toward failure
- X) Access to finance: Venture capital

Indicators A and B are drawn from the *OECD Timely Indicators of Entrepreneurship (TIE) Database*. Annex A provides the list of sources that are used to compile the database.

For indicators D, E, F, and I to P the source is the *OECD Structural and Demographic Business Statistics (SDBS) Database*. Indicators D to F refer to Structural Business Statistics, while indicators I to P, i.e. the core indicators of entrepreneurial performance, consist of Business Demography statistics computed from business registers, except for Mexico where the Economic Census (2009) was used. The *Eurostat-OECD Manual on Business Demography Statistics* developed by the EIP provides the definitions and methodology to compute Business Demography indicators. Indicator G originates from the *OECD Productivity Database*, and indicator H from the *OECD Trade by Enterprise Characteristics (TEC) Database*. SDBS and TEC data are collected annually via harmonised questionnaires completed by National Statistical Offices.

The indicators on self-employment come from Labour Force Surveys (indicators C, Q to S), Surveys on Income (indicator T) and an opinion survey on entrepreneurship conducted by the European Commission (indicator U).

The remaining indicators (V, W, X) represent a selection of determinants of entrepreneurship. The data sources for each indicator are described in more detail in the relevant section,

## Size-class breakdown

Structural Business Statistics indicators usually focus on five size classes based on the number of **persons employed**, where the data across countries and variables can be most closely aligned: 1-9, 10-19, 20-49, 50-249, 250+. Not all country information fits perfectly into this classification however, and any divergence from these target size classes is reported in each chapter.

For Business Demography data, the collection breakdown is 1-4, 5-9, 10+ **employees** to reflect the fact that a vast majority of newly created enterprises are micro enterprises.

## Activity breakdown

Total economy denotes the business economy, covering manufacturing, services and construction.

For Business Demography and Structural Business Statistics:

- For simplicity the publication refers throughout to manufacturing. In actual fact the reference covers a broader grouping of industries than those typically identified as manufacturing. Unless otherwise specified therefore, Manufacturing comprises: Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply, sewerage, waste management and remediation activities.
- Services comprise: Wholesale and retail trade, repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities; Information and communication; Real estate activities; Professional, scientific and technical activities; Administrative and support service activities.

In addition, for Business Demography, services include financial and insurance activities; and exclude activities of holding companies (ISIC Revision 4 Sector 642), with the exception of Israel, Korea and the United States; for Structural Business Statistics, the entire section of financial and insurance activities is excluded from services, except for Canada and Korea.

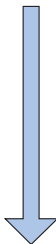
For Korea, the sector Sewerage, waste management, materials recovery and remediation activities is included in the aggregate for services.

Data for Israel, Mexico and the United States are compiled according to ISIC Revision 3. Data for Austria, New Zealand and Slovenia are compiled according to ISIC Revision 4. For other countries data after 2007 are compiled in ISIC Revision 4 and data for 2007 and before are compiled in ISIC Revision 3.

## EIP Framework

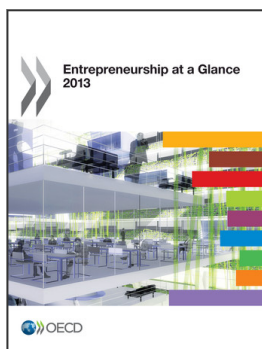
Entrepreneurship is defined by the EIP as the phenomenon associated with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. In this sense, entrepreneurship is a phenomenon that manifests itself throughout the economy and in many different forms with many different outcomes, and these outcomes are not always related to the creation of financial wealth; for example, they may be related to increasing employment, tackling inequalities, or indeed, increasingly, environmental issues. The challenge of the EIP is to improve the understanding of these multiple manifestations. The programme recognises that no single indicator can ever adequately cover entrepreneurship, and it has therefore developed a set of measures that each captures a different aspect or type of entrepreneurship; these measures are referred to as EIP indicators of entrepreneurial performance. There are currently some 20 performance indicators covered in the EIP.

The EIP takes a comprehensive approach to the measurement of entrepreneurship by looking not only at the manifestation of the entrepreneurial phenomenon but also at the factors that influence it. These factors range from the market conditions to the regulatory framework, to the culture or the conditions of access to finance. While some areas of determinants lend themselves more readily to measurement (for instance, the existence and restrictiveness of anti-trust laws or the administrative costs of setting-up a new business in a country), for other determinants the difficulty resides in finding suitable measures (e.g. venture capital and angel capital) and/or in comprehending the exact nature of their relationship with entrepreneurship (e.g. culture). An important objective of the EIP in this instance is to contribute to and advance research on the less understood and less measurable determinants of entrepreneurship. Annex B presents a comprehensive list of indicators of determinants and the corresponding data sources.

Determinants						Entrepreneurial performance	Impact
<i>Regulatory framework</i>	<i>Market conditions</i>	<i>Access to finance</i>	<i>Knowledge creation and diffusion</i>	<i>Entrepreneurial capabilities</i>	<i>Culture</i>	<b>Firm based</b>	Job creation
Administrative burdens for entry	Anti-trust laws	Access to debt financing	R&D investment	Training and experience of entrepreneurs	Risk attitude in society	<b>Employment based</b>	Economic growth
Administrative burdens for growth	Competition	Business angels	University/industry interface	Business and entrepreneurship education (skills)	Attitudes towards entrepreneurs	<b>Wealth</b>	Poverty reduction
Bankruptcy regulations	Access to the domestic market	Access to VC	Technological co-operation between firms	Entrepreneurship infrastructure	Desire for business ownership		Formalising the informal sector
Safety, health and environmental regulations	Access to foreign markets	Access to other types of equity	Technology diffusion	Immigration	Entrepreneurship education (mindset)		
Product regulation	Degree of public involvement	Stock markets	Broadband access				
Labour market regulation	Public procurement						
Court and legal framework							
Social and health security							
Income taxes; wealth/bequest taxes							
Business and capital taxes	Patent system; standards						

<i>Firms</i>	<i>Employment</i>	<i>Wealth</i>
Employer enterprise birth rates	Share of high growth firms (by employment)	Share of high growth firms (by turnover)
Employer enterprise death rates	Share of gazelles (employment)	Share of gazelles (by turnover)
Business churn	Ownership rate start-ups	Value added, young or small firms
Net business population growth	Ownership rates business population	Productivity contribution, young or small firms
Survival rates at 3 and 5 years	Employment in 3 and 5 year old firms	Innovation performance, young or small firms
Proportion of 3 and 5 year old firms	Average firm size after 3 and 5 years	Export performance, young or small firms



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