

Survival rate of employer enterprises

Observing the post-entry performance of firms is as important as analysing their birth rate. The survival rate of enterprises provides information on the share of enterprises surviving one or more years after birth, and allows to investigate questions such as how long do start-ups survive after creation and the differences in survival rates of enterprises across countries and industries.

Definitions

The number of n-year survival enterprises for a particular year t refers to the number of enterprises which had at least one employee for the first time in year t-n and have not died in year t.

An enterprise is also considered to have survived if the linked legal unit(s) has (have) ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (survival by takeover). This definition of survival excludes cases in which enterprises merge or are taken over by an existing enterprise in year t-n.

The survival of an enterprise is an event that should always be observed between two consecutive years. For instance, an enterprise born in year t-2 should be considered as having survived to t only if it had at least one employee also in year t-1, and so forth.

The employer enterprise survival rate measures the number of enterprises of a specific birth cohort that have survived over different years. The n-year survival rate for a reference year t is calculated as the number of n-year survival enterprises as a percentage of all enterprises that reported at least one employee for the first time in year t-n.

The share of n-year-old employer enterprises for a particular year t refers to the number of n-year survival enterprises as a percentage of the total employer enterprise population in year t.

Comparability

Employer enterprise survival data in this publication follow the definition from the *Eurostat-OECD Manual on Business Demography Statistics*.

Data refer to the whole population of employer enterprises, with the exception of Canada, for which data refer to employer enterprises with less than 250 employees.

Data are classified according to ISIC Revision 4 for all countries except Canada, Israel and the United States for which data are in ISIC Revision 3.

Highlights

The survival rates of employer enterprises in the manufacturing sector are slightly higher than in the services sector and the difference persists in every year after birth; Canada and the Slovak Republic are exceptions, with the survival rates almost identical in the two sectors. On average, the survival rates after one year are around 85 to 90% in manufacturing and a little lower in services, and they continue to drop constantly in the following years. Young enterprises represent however a larger share of the total population of enterprises in the services sector than in the manufacturing sector, due to the higher birth rate of employer enterprises in services.

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.

OECD (2010), *Structural and Demographic Business Statistics*, OECD Publishing, <http://dx.doi.org/10.1787/9789264072886-en>.

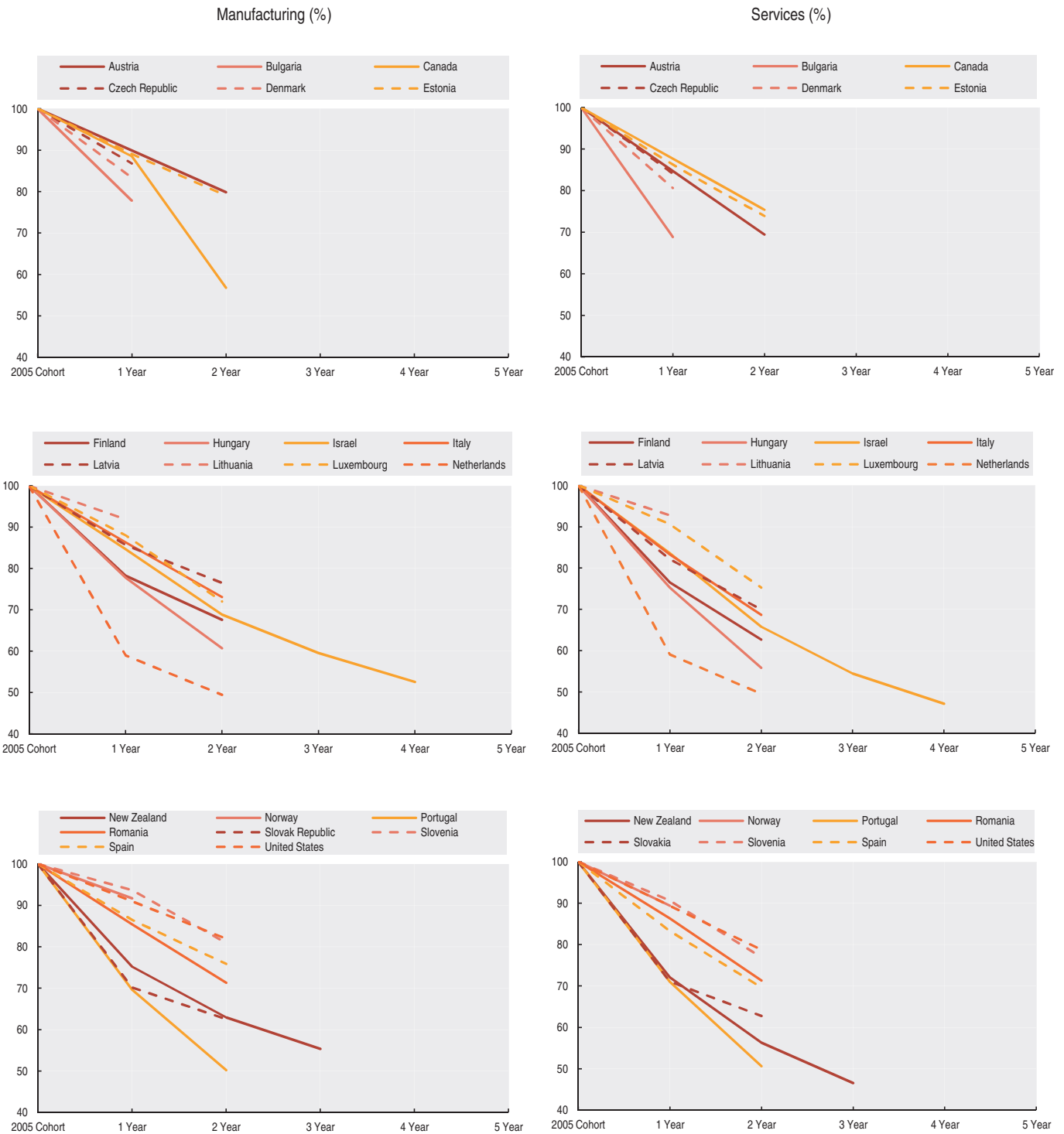
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

4. ENTERPRISE BIRTH, DEATH AND SURVIVAL

Survival rate of employer enterprises

Figure 4.15 Enterprise survival rates, 2005 cohort

Percentage



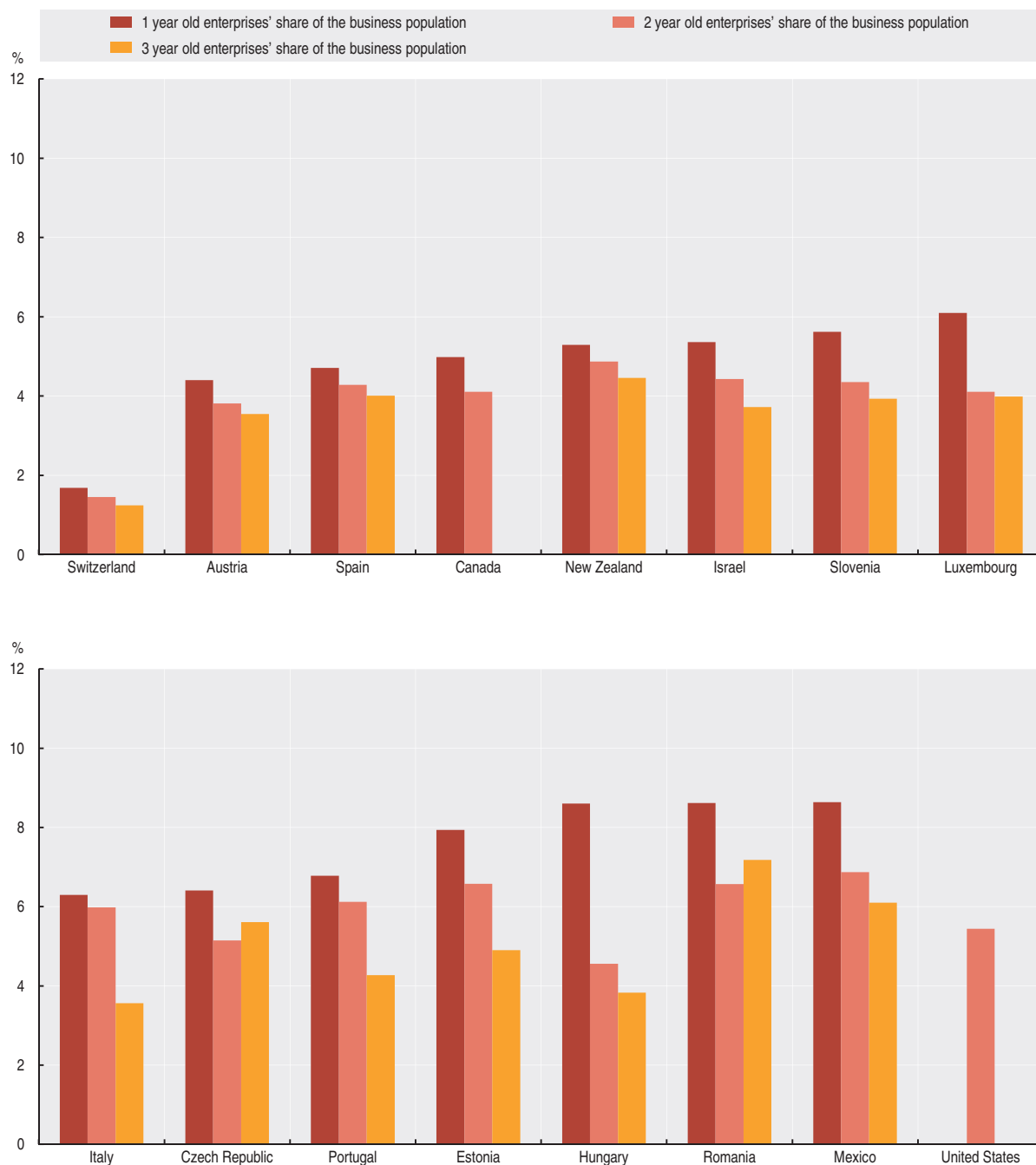
StatLink  <http://dx.doi.org/10.1787/888932597372>

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Figure 4.16 **Share of young enterprises, manufacturing, 2008**

Percentage




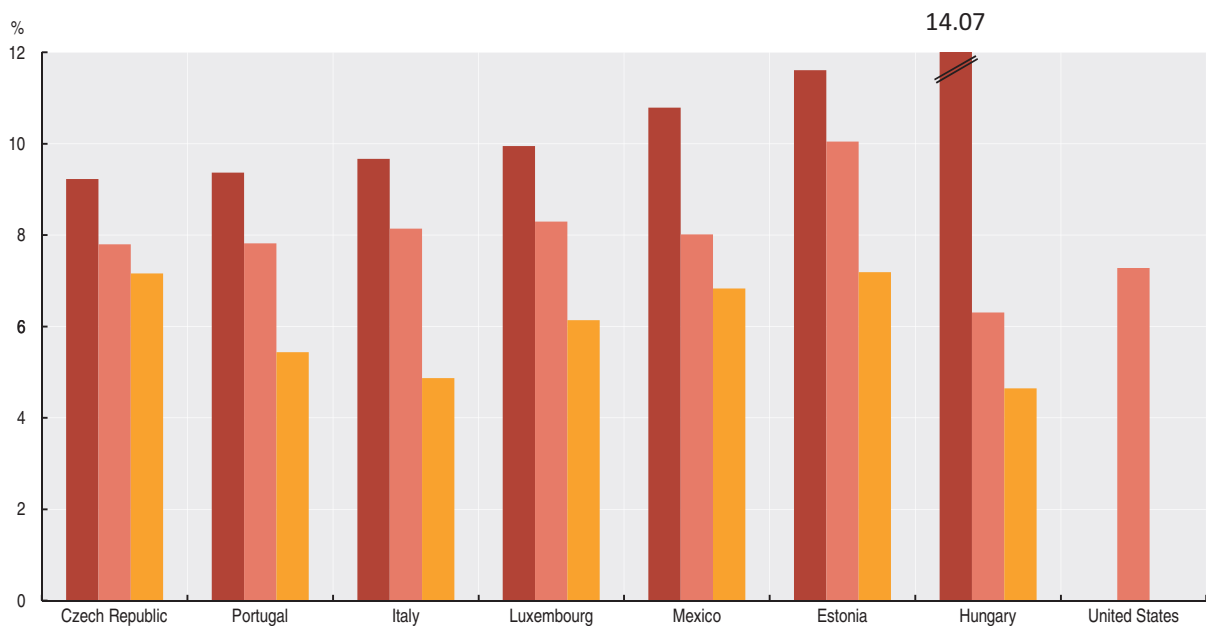
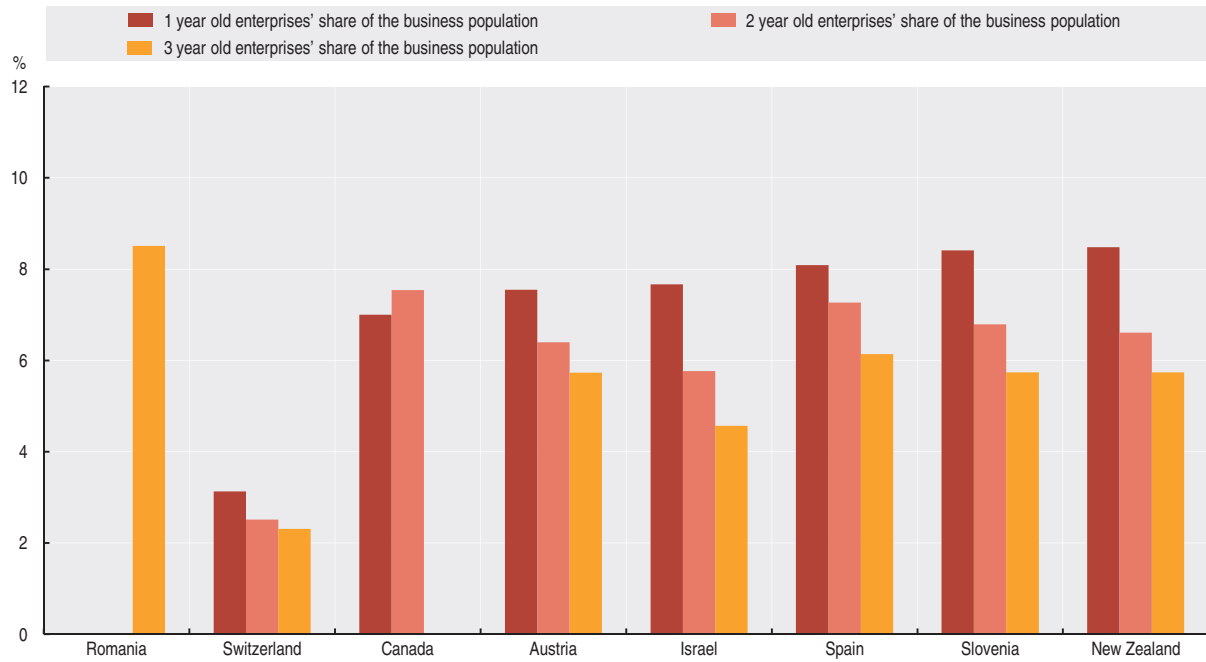
StatLink  <http://dx.doi.org/10.1787/888932597391>

Figure 4.17 Share of young enterprises, services, 2008

Percentage



StatLink <http://dx.doi.org/10.1787/888932597410>



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