

8. 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.

Highlights

The survival rates of employer enterprises in the manufacturing sector are typically higher than in the services sector and the difference persists in every year after birth; Canada is an exception, with the survival rates almost identical across the two sectors. On average, the survival rates after one year are around 85 to 90% in manufacturing and 75 to 80% in services, and they continue to drop constantly in the following years.

Source/Online database

OECD Structural and Demographic Business Statistics (SDBS) Database.

<http://dx.doi.org/10.1787/sdbs-data-en>

For further reading

OECD (2010), *Structural and Demographic Business Statistics*, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/9789264072886-en>

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

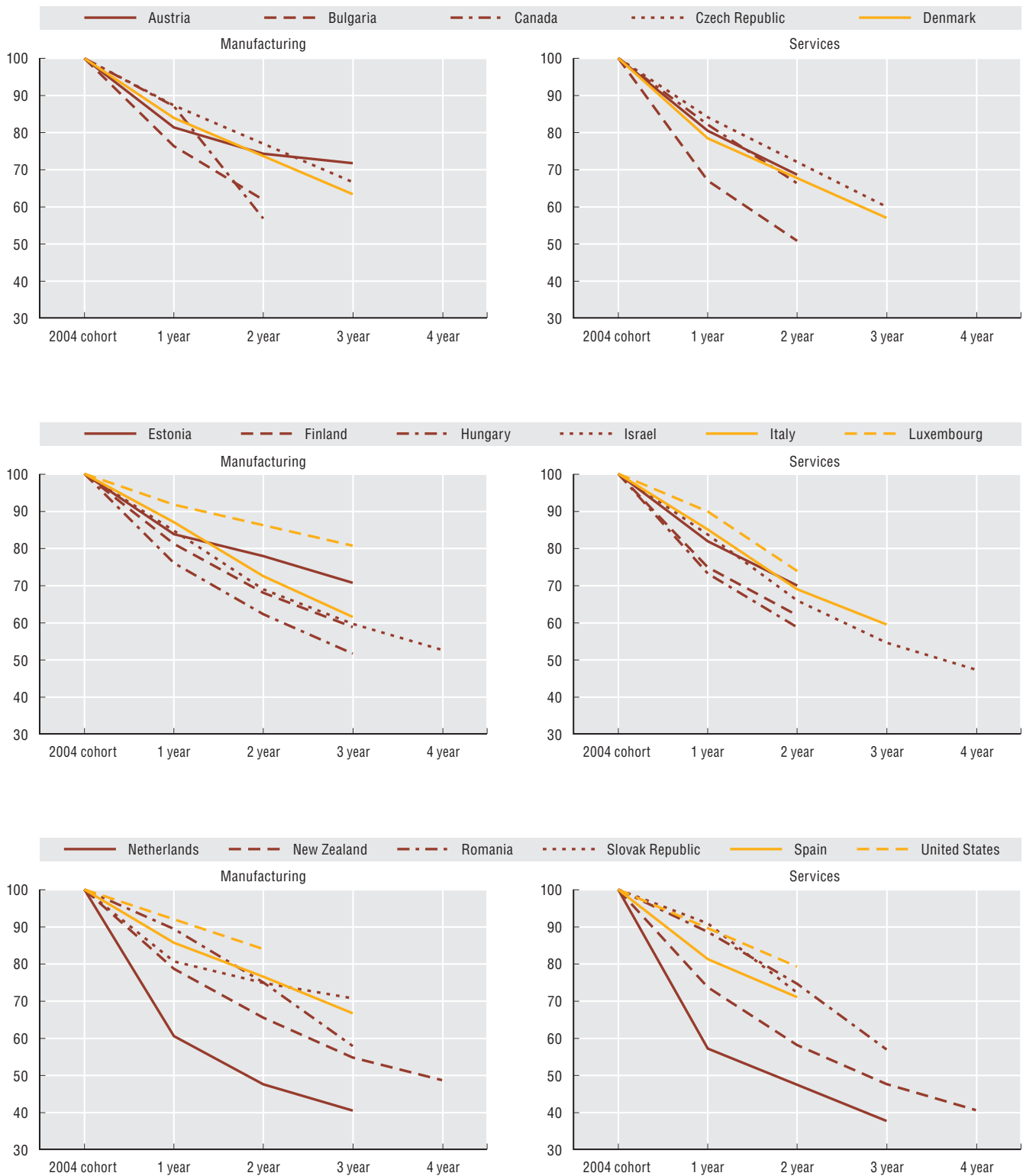
Ahmad, N. (2006), "A Proposed Framework For business Demography Statistics", *OECD Statistics Working Papers*, 2006/3, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/145777872685>

Information on data for Israel:

<http://dx.doi.org/10.1787/888932315602>

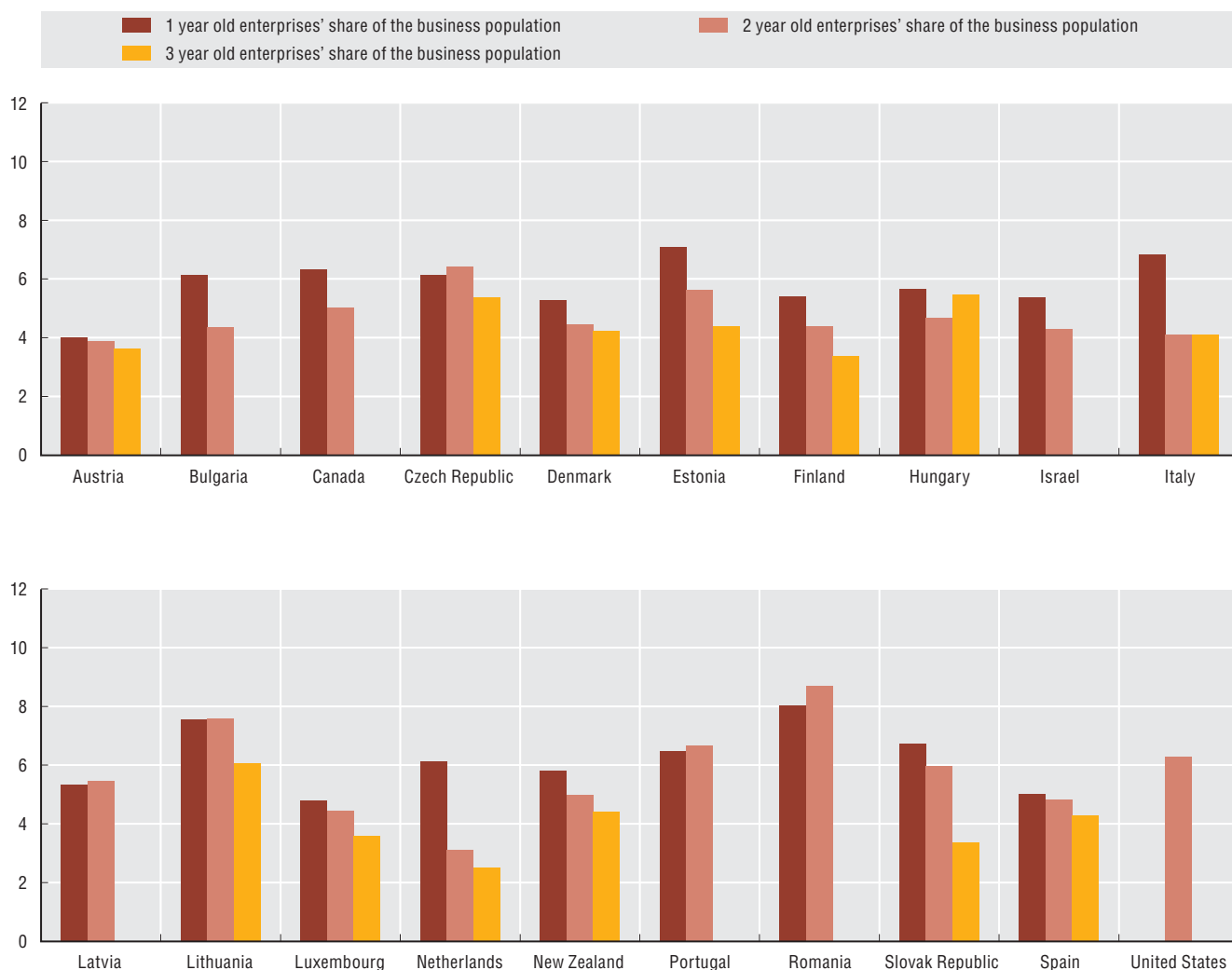
Figure 8.1. Enterprise survival rates in manufacturing and services



StatLink <http://dx.doi.org/10.1787/888932384629>

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Figure 8.2. Share of enterprises by age group in manufacturing in 2007




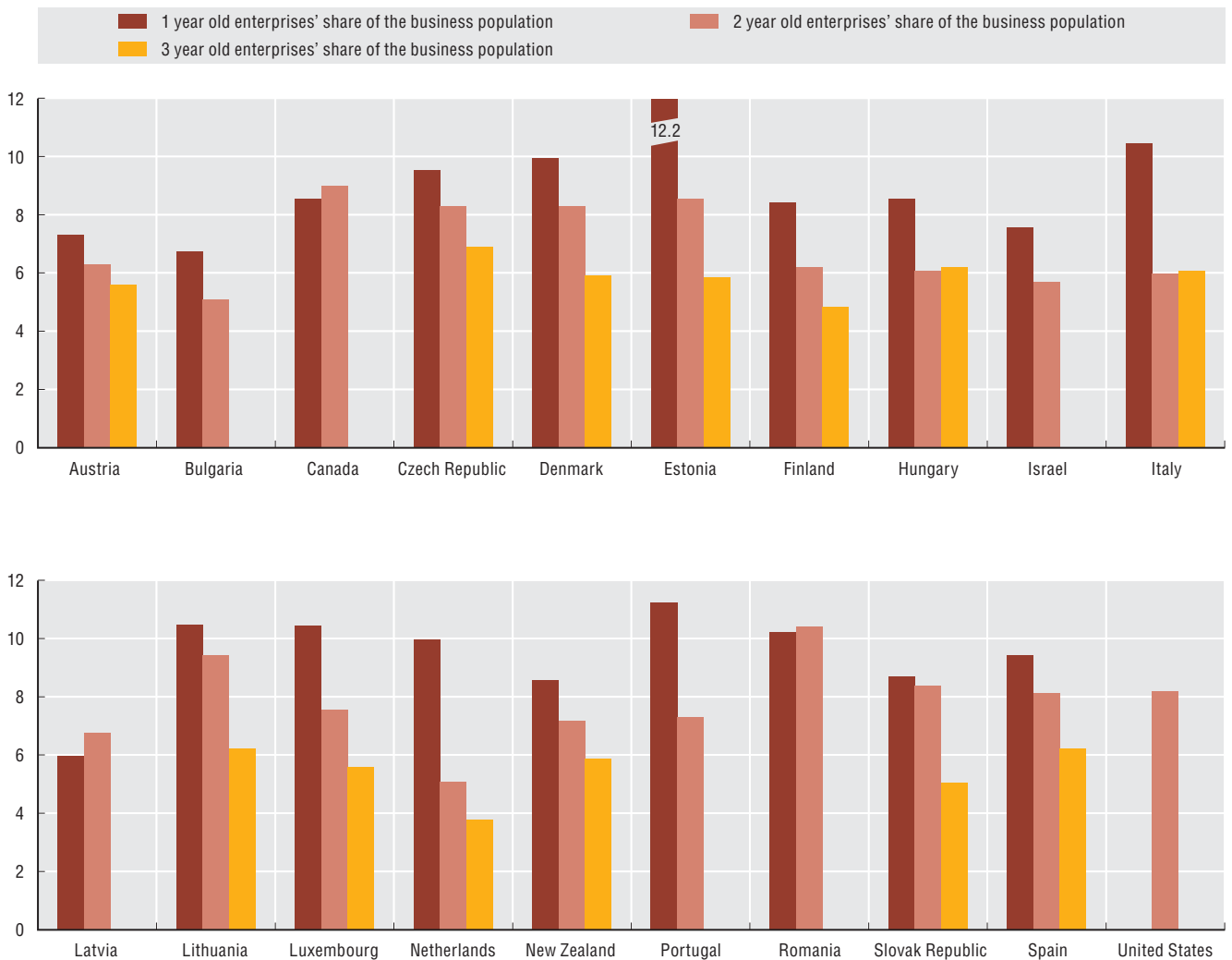
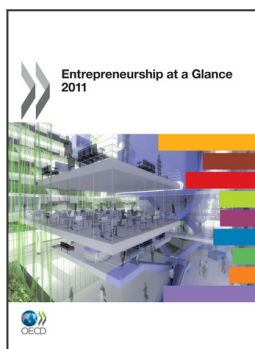
StatLink  <http://dx.doi.org/10.1787/888932384648>

Figure 8.3. Share of enterprises by age group in services in 2007



StatLink  <http://dx.doi.org/10.1787/888932384667>



From:
Entrepreneurship at a Glance 2011

Access the complete publication at:
<https://doi.org/10.1787/9789264097711-en>

Please cite this chapter as:

OECD (2011), "Survival rate of employer enterprises", in *Entrepreneurship at a Glance 2011*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264097711-12-en>

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