

## Birth rate of employer enterprises

### Key facts

- Birth rates of employer enterprises (i.e. firms with at least one employee) are higher in the services sector than in manufacturing. Newly created firms typically employ one to four employees, while few start with more than ten employees.
- The effects of the global crisis are noticeable: between 2007 and 2010 birth rates decreased in all countries where data are available.

### Relevance

The birth of new enterprises is a key indicator of business dynamism. It reflects an important dimension of entrepreneurship in a country, namely the capacity to start up entirely new businesses. Furthermore, the birth of employer enterprises is a different phenomenon compared to that of non-employer firms. The former are economically more relevant and more closely related to the notion of entrepreneurship as a driver of job creation and innovation.

### Definitions

An *employer enterprise birth* refers to the birth of an enterprise with at least one employee. The population of employer enterprise births consists first of “new” enterprise births, i.e. new enterprises reporting at least one employee in the birth year; and second of enterprises that existed before the year under consideration but were at that time below the threshold of one employee, and that reported one or more employees in the current, i.e. birth, year.

Employer enterprise births do not include entries into the population due to: mergers, break-ups, split-offs or restructuring of a set of enterprises. They also exclude entries into a sub-population resulting only from a change of activity.

The *employer enterprise birth rate* corresponds to the number of births of employer enterprises as a percentage of the population of active enterprises with at least one employee.

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

### Comparability

“Employer” indicators are found to be more relevant for international comparisons than indicators covering all enterprises, as the latter are sensitive to the coverage of

business registers. In many countries, the main sources of data used in business registers are administrative tax and employment registers, meaning that often only businesses above a certain turnover and/or employment threshold are captured. An economy with relatively high thresholds would therefore be expected to have lower birth statistics than similar economies with lower thresholds. An additional complication relates to changes in thresholds over time. Monetary-based thresholds change over time in response to factors such as inflation and fiscal policy, both of which can be expected to affect comparisons of birth rates across countries and over time. The use of the one-employee threshold improves comparability, as it excludes very small units, which are the most subject to threshold variations.

The concept of employer enterprise birth is not however without problems. Many countries have sizeable populations of self-employed. If a country creates incentives for the self-employed to become employees of their own company, the total number of employer enterprise births will increase. This can distort comparisons over time and across countries, even if from an economic and entrepreneurial perspective little has changed.

Data presented refer to the whole population of employer enterprises, with the exception of Canada, for which data for 2007 and earlier years refer to employer enterprises with less than 250 employees.

For Australia and Mexico, enterprise births and indicators derived from them do not take into account the transition of enterprises from 0 employee to 1 or more employee status, i.e. the transition of a non-employer enterprise to the status of employer firm is not considered as an “employer enterprise birth”.

### Sources/Online databases

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

Counts of Australian Businesses, including Entries and Exits. 8165.0, <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, <http://dx.doi.org/10.1787/145777872685>.

Eurostat/OECD (2007), Eurostat-OECD Manual on Business Demography Statistics, OECD Publishing, [www.oecd.org/std/39974460.pdf](http://www.oecd.org/std/39974460.pdf).

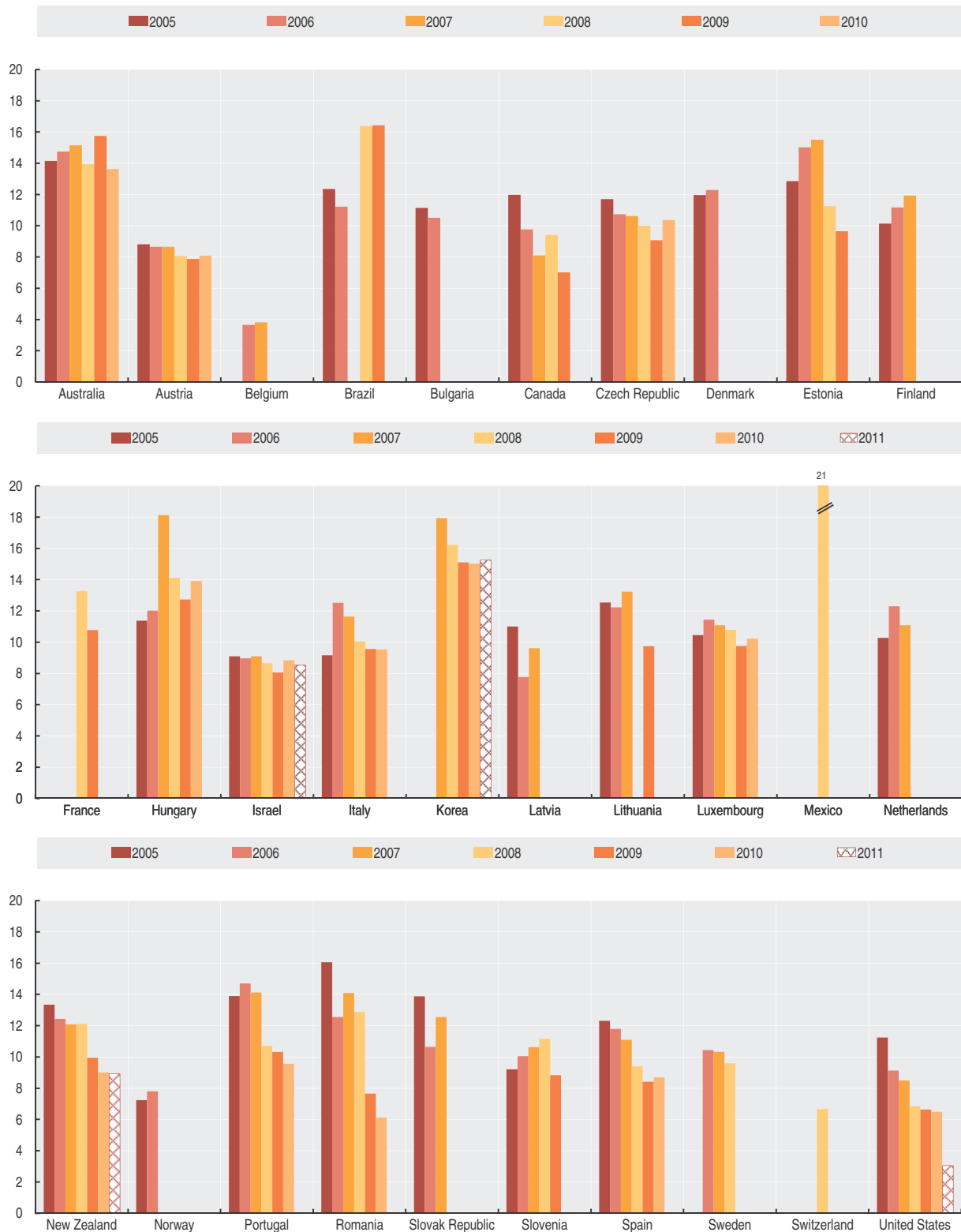
OECD (2010), Structural and Demographic Business Statistics, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264072886-en>.


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

### 3. ENTERPRISE BIRTH, DEATH AND SURVIVAL

#### Birth rate of employer enterprises

Figure 3.1. **Employer enterprise birth rate, total economy**  
Percentage

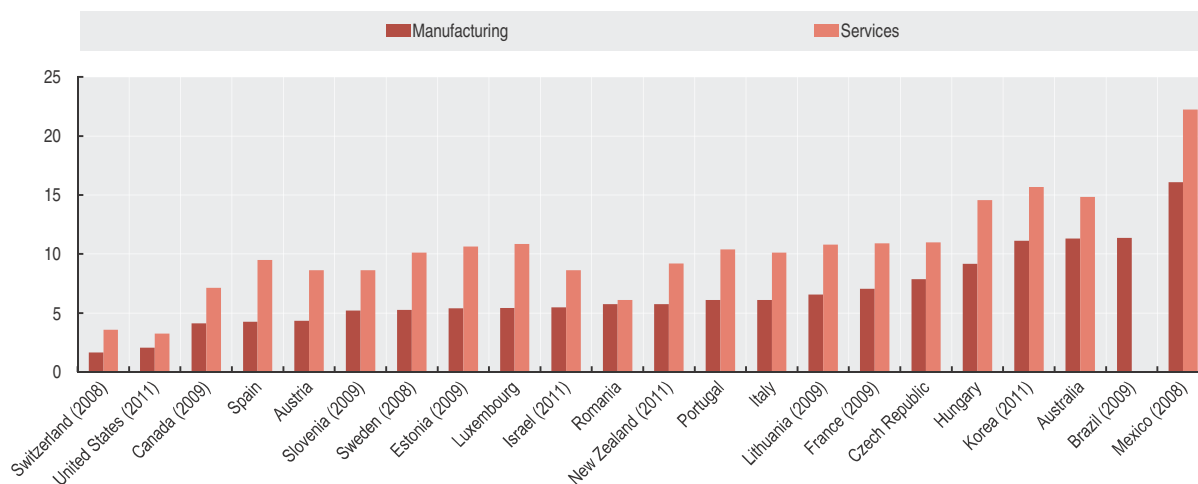


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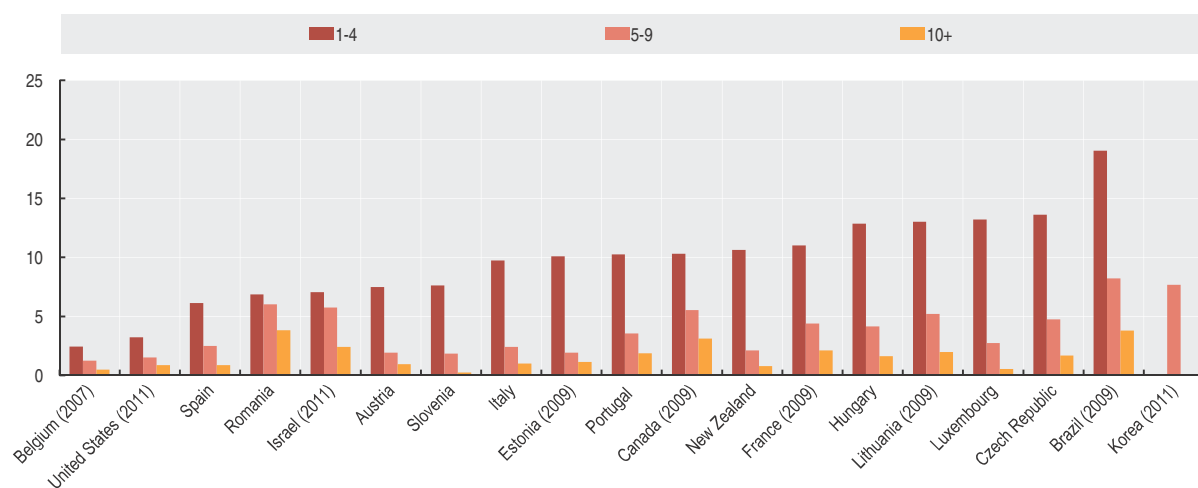
Figure 3.2. **Employer enterprise birth rate by sector**  
Percentage, 2010 or latest available year



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Figure 3.3. **Employer enterprise birth rate by size class, manufacturing**

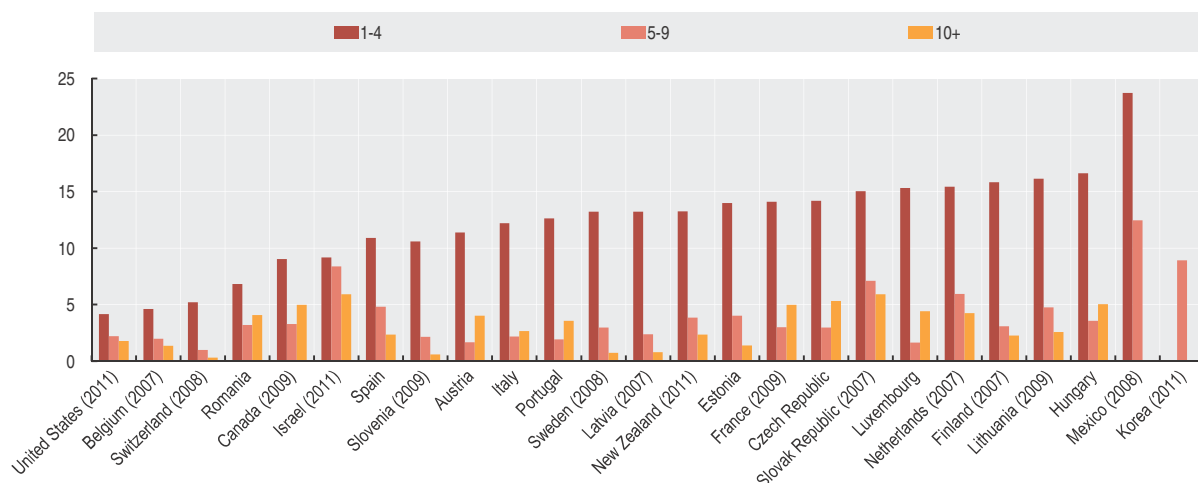
Percentage, 2010 or latest available year



StatLink <http://dx.doi.org/10.1787/888932828469>

Figure 3.4. **Employer enterprise birth rate by size class, services**

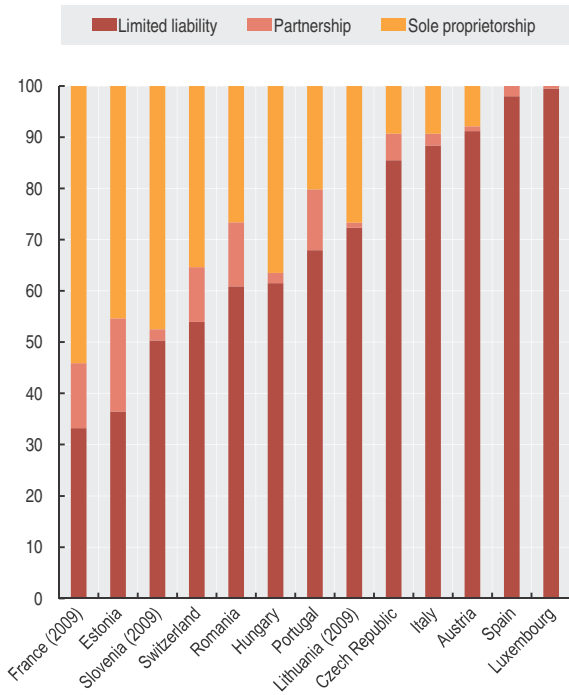
Percentage, 2010 or latest available year



StatLink <http://dx.doi.org/10.1787/888932828488>

Figure 3.5. **Employer enterprise births by legal form, manufacturing**

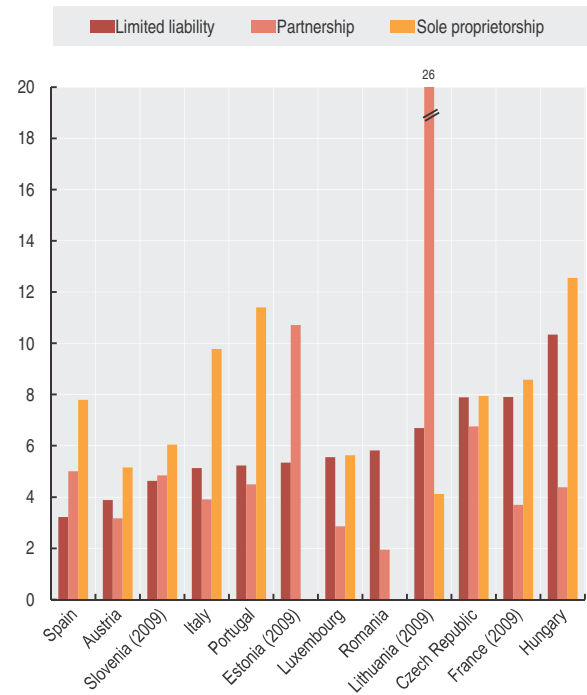
Percentage, 2010 or latest available year



StatLink <http://dx.doi.org/10.1787/888932828507>

Figure 3.6. **Employer enterprise birth rates by legal form, manufacturing**

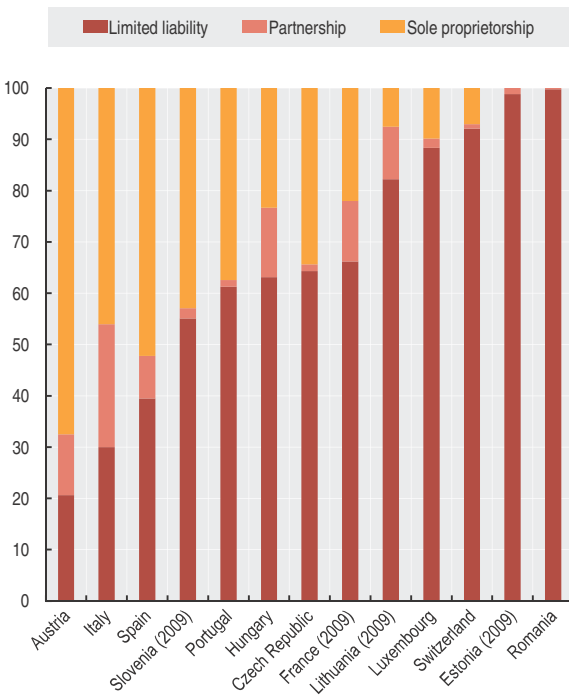
Percentage, 2010 or latest available year



StatLink <http://dx.doi.org/10.1787/888932828526>

Figure 3.7. **Employer enterprise births by legal form, services**

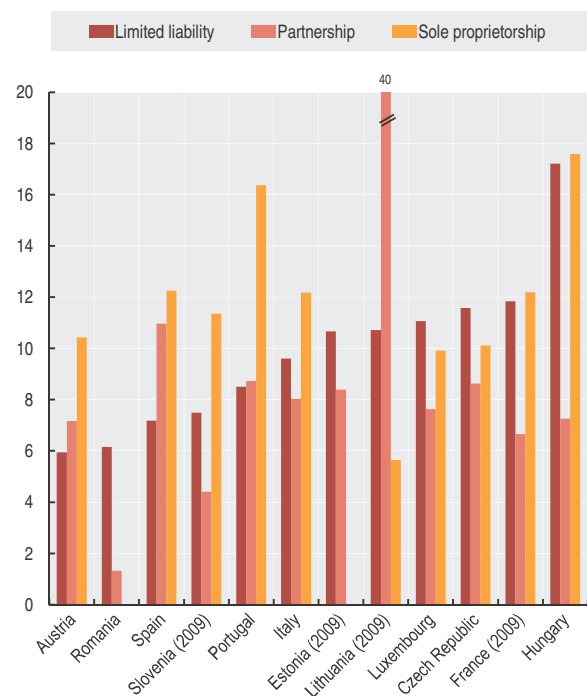
Percentage, 2010 or latest available year



StatLink <http://dx.doi.org/10.1787/888932828545>

Figure 3.8. **Employer enterprise birth rates by legal form, services**

Percentage, 2010 or latest available year



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