

Employment creation and destruction in surviving enterprises

Key facts

- Young enterprises account for between 4 to 12% of total employment in most countries. The contribution of young enterprises to total employment decreased in most countries in 2012 compared to 2008, with the notable exceptions of Latvia where shares almost doubled.
- Despite the relatively high probability of failure in their few years of operation one-year old firms in most countries generate more employment than new firms and two year old firms have relatively similar shares to one-year old firms, which reflects employment growth in surviving firms.

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 in employer enterprises.

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 in employer enterprises.

The *average size of newly born enterprises* is expressed as number of persons employed in the reference period (t) among enterprises newly born in t divided by the number of enterprises newly born in t. *Average size of one-year old (two year old) enterprises* refers to number of persons employed in the reference period (t) among enterprises newly born in t-1 (t-2) having survived to t divided by the number of enterprises in t newly born in t-1 (t-2) having survived to t.

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

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

Relevance

The study of employment shares in young surviving enterprises contributes to the understanding of the role that different firms have in overall employment changes in the economy.

Comparability

Data presented refer to the whole population of employer enterprises. In Figure 4.7 data for Brazil include only 1 and 2 year old enterprises.

Source

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

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>.

Criscuolo, C., P.N. Gal and C. Menon (2014), “The Dynamics of Employment Growth: New Evidence from 18 Countries”, *OECD Science, Technology and Industry Policy Papers*, No. 14, OECD Publishing, <http://dx.doi.org/10.1787/5jz417hj6hg6-en>.

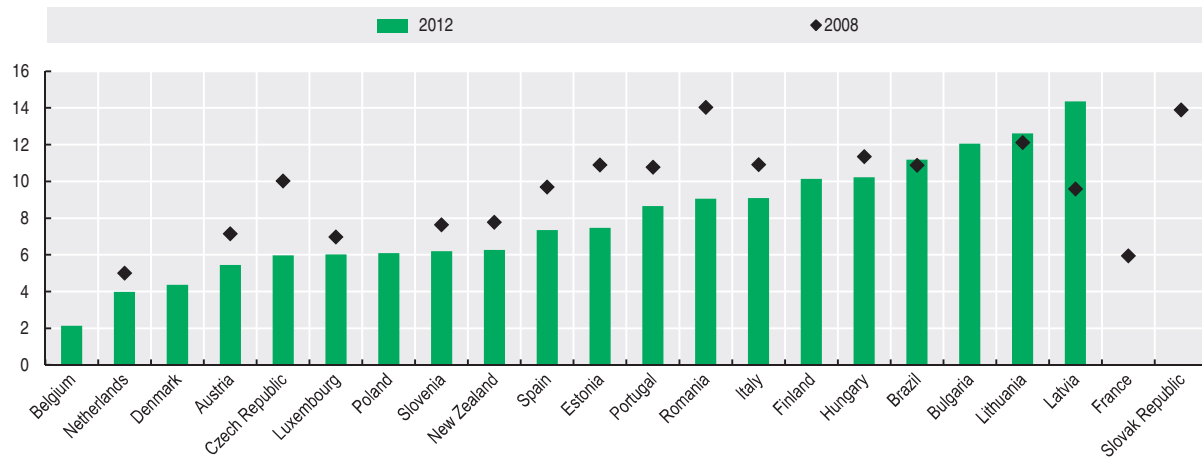
Haltiwanger, J., R.S. Jarmin and J. Miranda (2010), “Who creates jobs? Small vs. Large vs. Young”, *Discussion Papers*, US Census Bureau, www.nber.org/papers/w16300.pdf?new_window=1.

OECD/Eurostat (2008), *Eurostat-OECD Manual on Business Demography Statistics*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264041882-en>.

4. ENTERPRISE GROWTH AND EMPLOYMENT CREATION

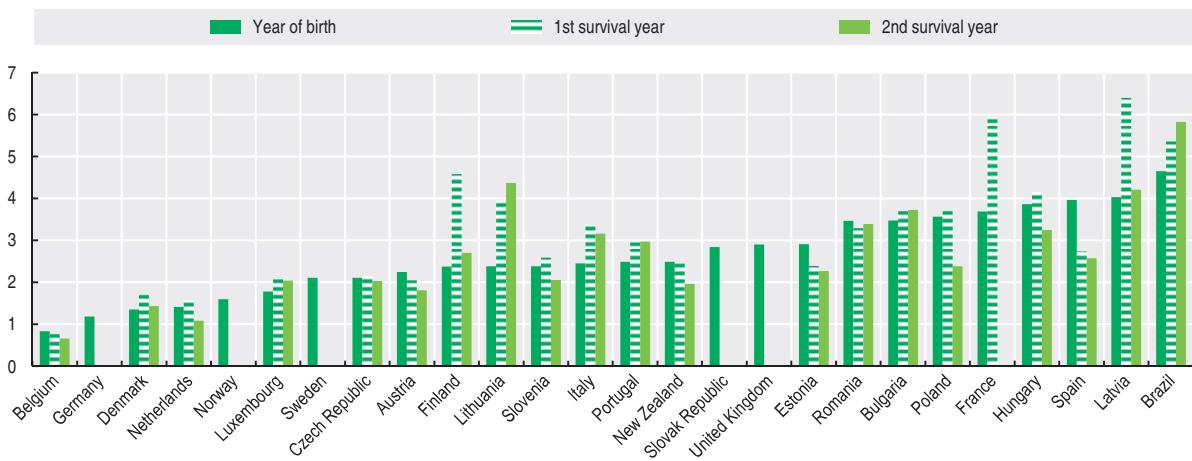
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Figure 4.7. **Employment share of young enterprises**
As a percentage of employment in total business economy



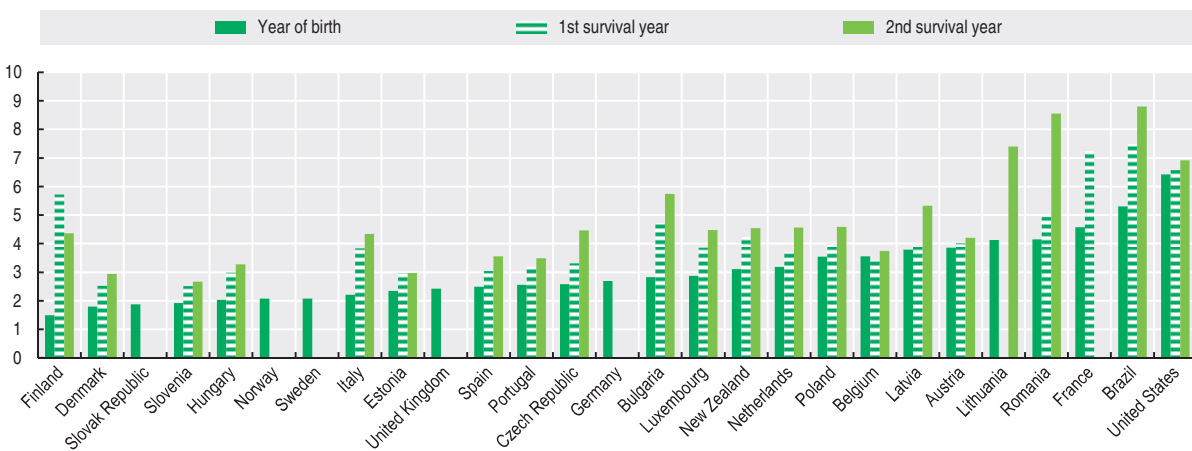
StatLink <http://dx.doi.org/10.1787/888933230821>

Figure 4.8. **Employment share of young enterprises in year of birth, 1st and 2nd survival year**
As a percentage of employment in total business economy, 2012, or latest available year

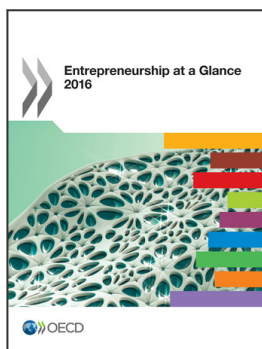


StatLink <http://dx.doi.org/10.1787/888933230830>

Figure 4.9. **Average enterprise size in year of birth, 1st and 2nd survival**
Year 2012, or latest available year



StatLink <http://dx.doi.org/10.1787/888933230843>



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