

Understanding Entrepreneurship:

Developing Comparable Indicators on Entrepreneurship and Its Determinants



Development of the entrepreneurship indicator programme (EIP)

- Internationally very little comparable data available, no commonly agreed indicators
- Mandate given to OECD to start the EIP
- Joint forces with the European Commission
- Infrastructure created (OECD steering group)

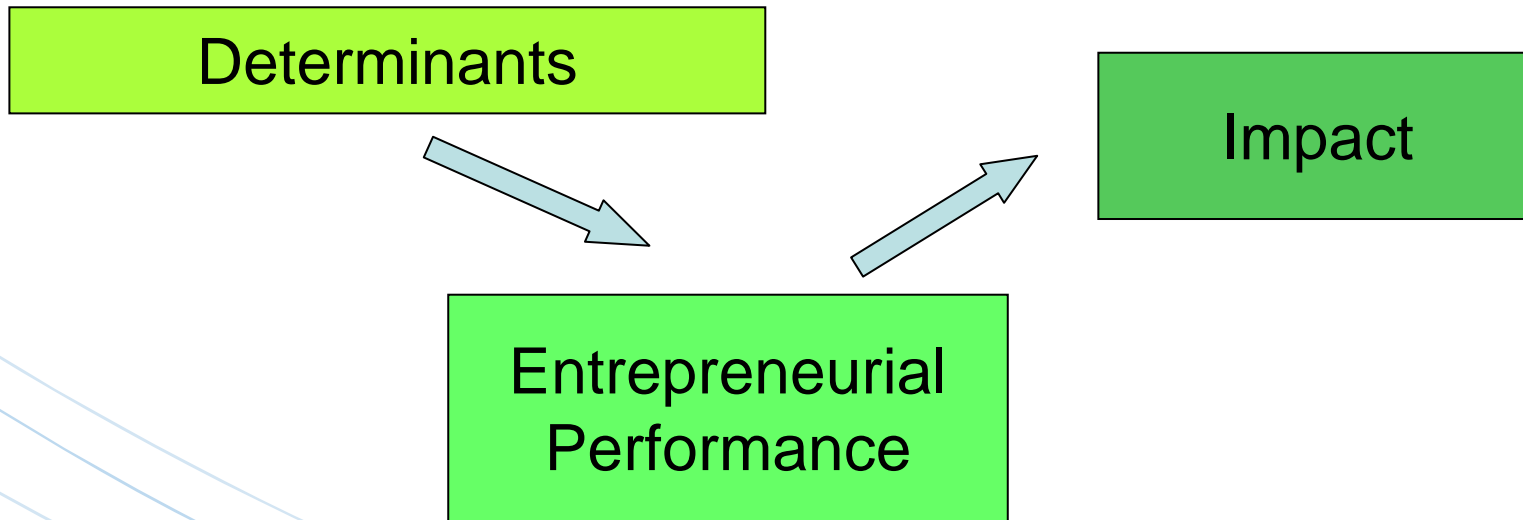
How to get to an indicator list

- Top-down approach
 - Definition and deduction of indicators
- Bottom-up approach
 - Pragmatic
- Approach the issue from both sides

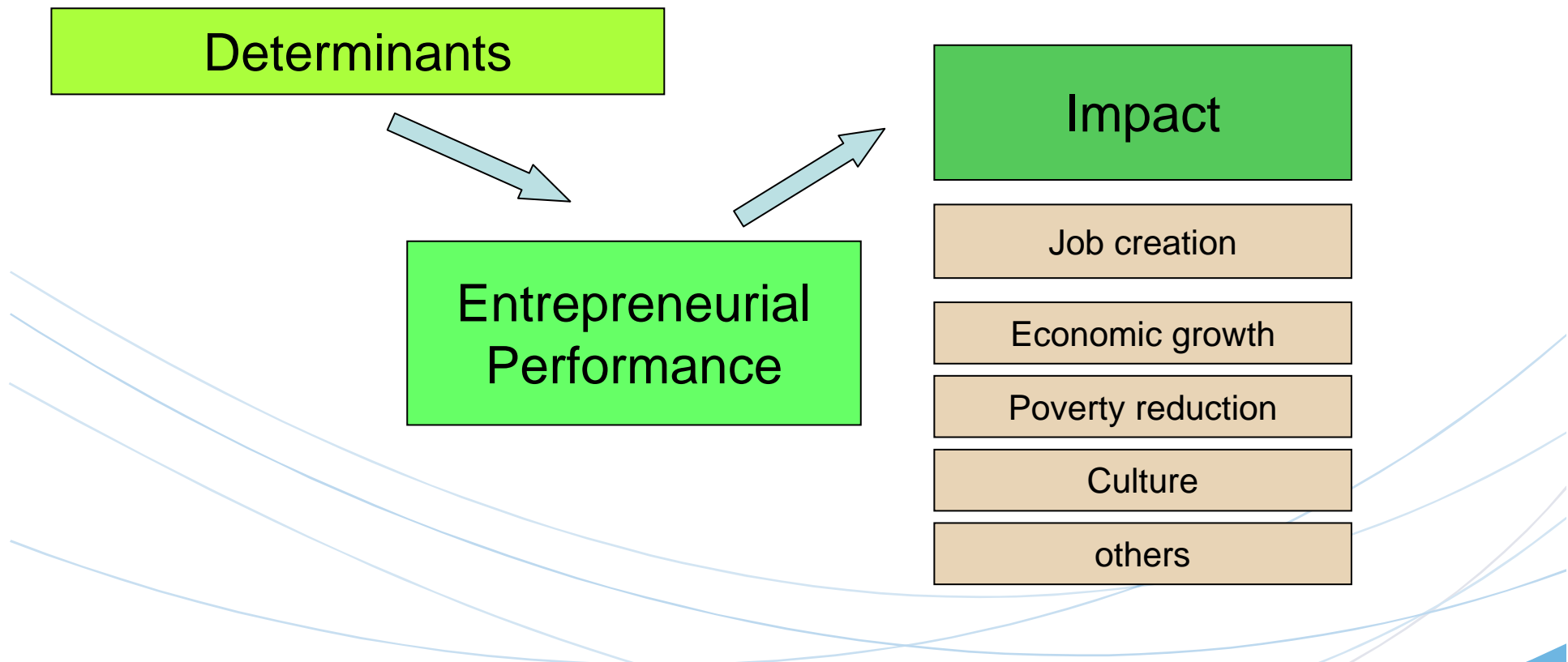
The definition

- **Entrepreneurs** are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- **Entrepreneurial activity** 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.
- **Entrepreneurship** is the phenomenon associated with entrepreneurial activity.

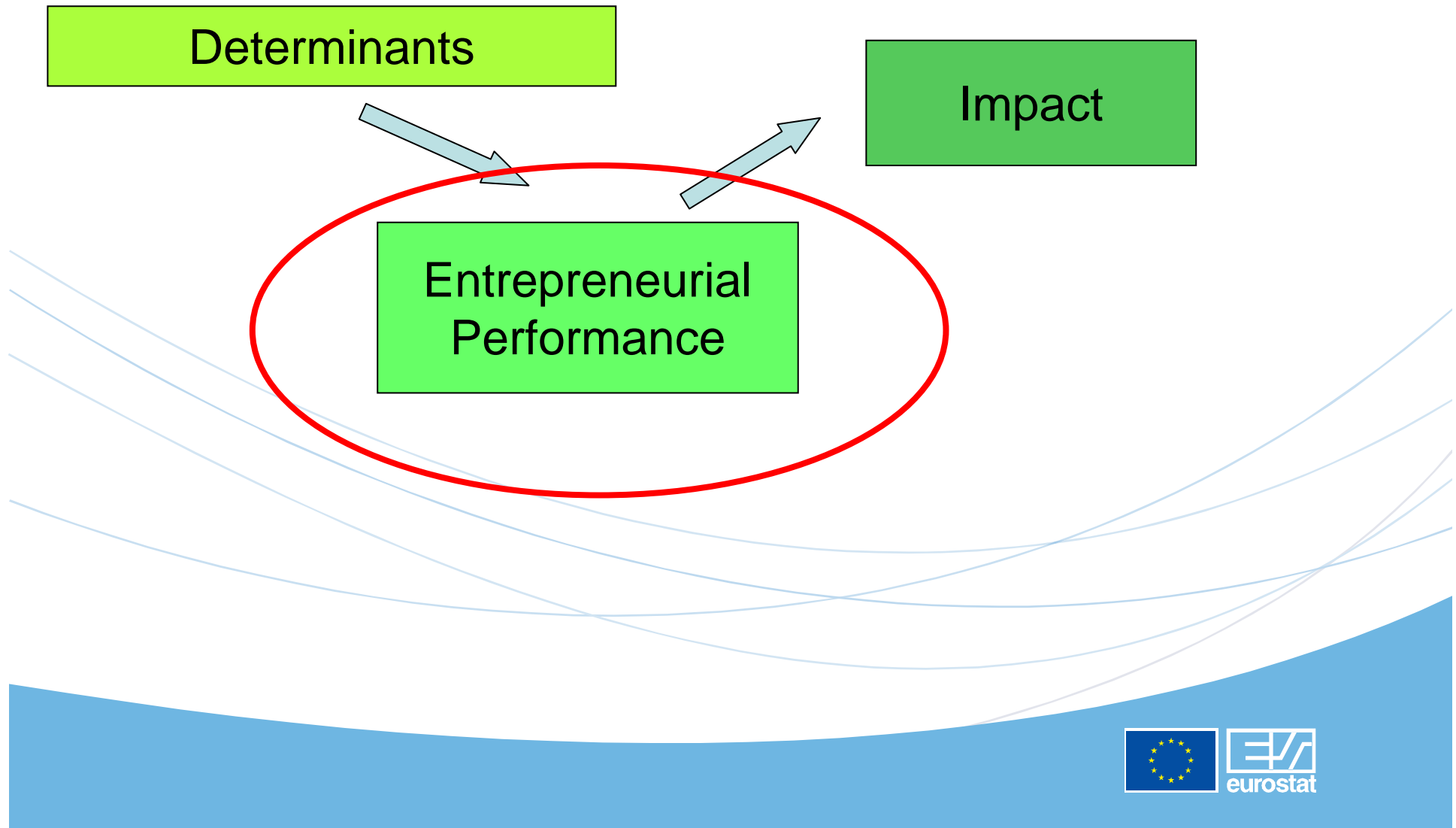
A Simple Model of the entrepreneurial process



A Simple Model of the entrepreneurial process



A Simple Model of the entrepreneurial process



Firms

Employer firm birth rate*

Employer firm death rate*

Business churn

Net business population growth

Survival rate 3 years

Survival rate 5 years

Proportion 3 years survival

Proportion 5 years survival

Entrepreneurial Performance

Employment

Rate of high-growth firms concerning employment*

Rate of *employment* Gazelles*

Ownership rate start-ups

Ownership rate business population

Employment rate 3 year old firms

Employment rate 5 year old firms

Average firm size after 3 years

Average firm size after 5 years

% adults starting firms

Economic performance

Rate of high-growth firms concerning turnover/profits*

Rate of *turnover/profit* Gazelles

Value-added young firms

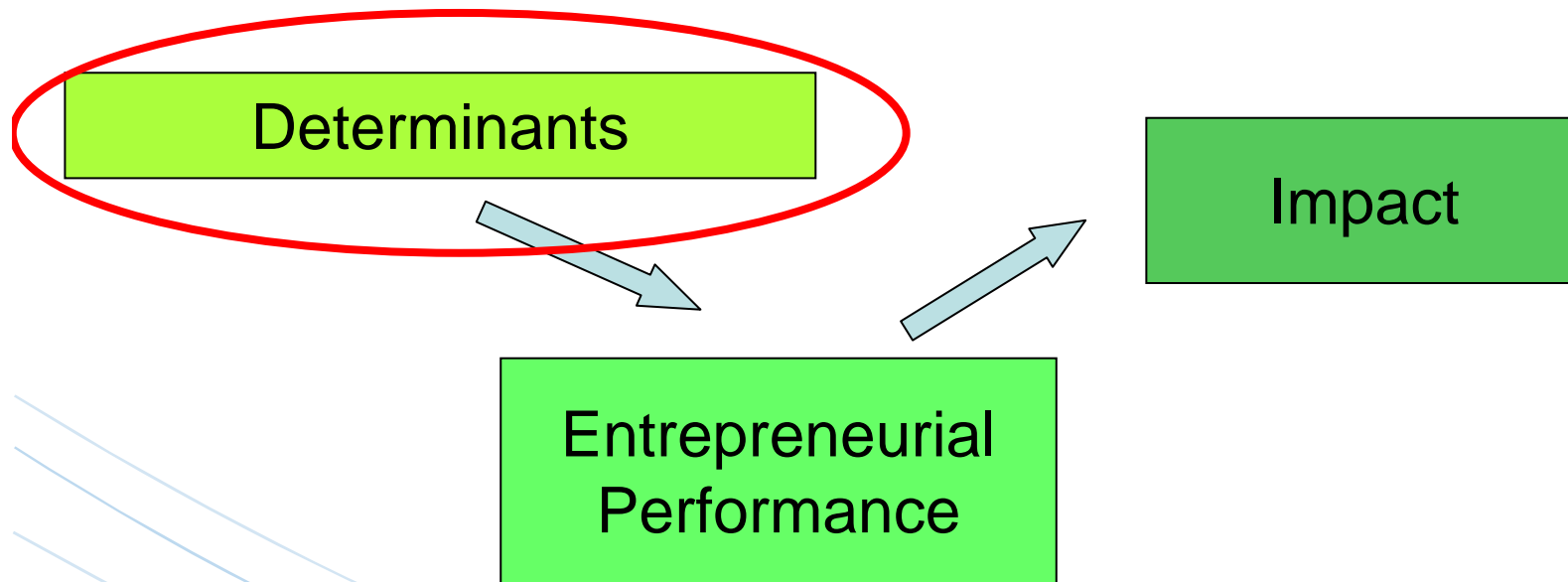
Productivity contribution

Productivity growth contribution

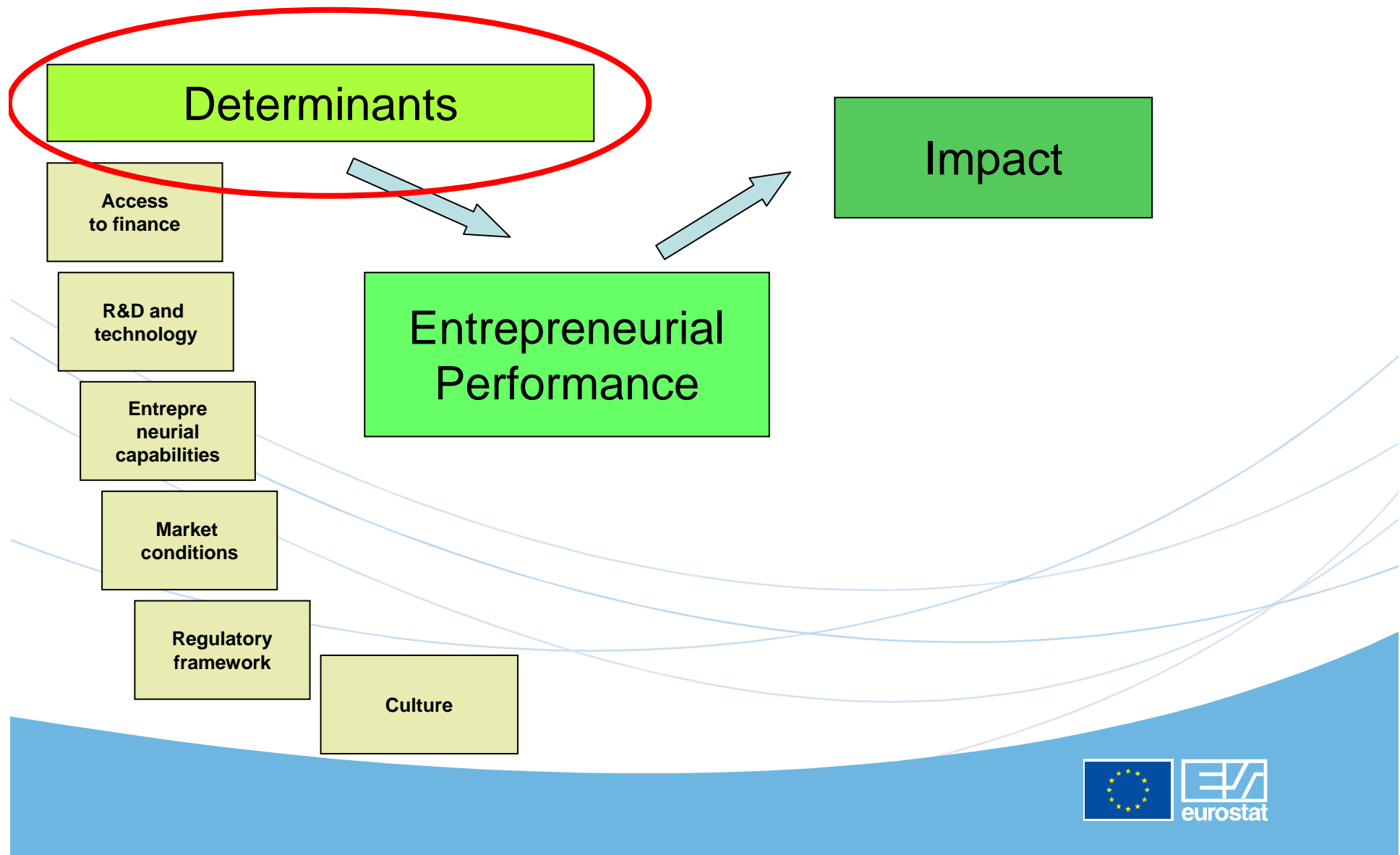
Export share of 3 year old firms

Export share of 5 year old firms

A Simple Model of the entrepreneurial process



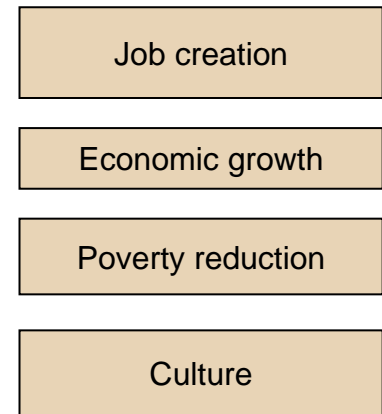
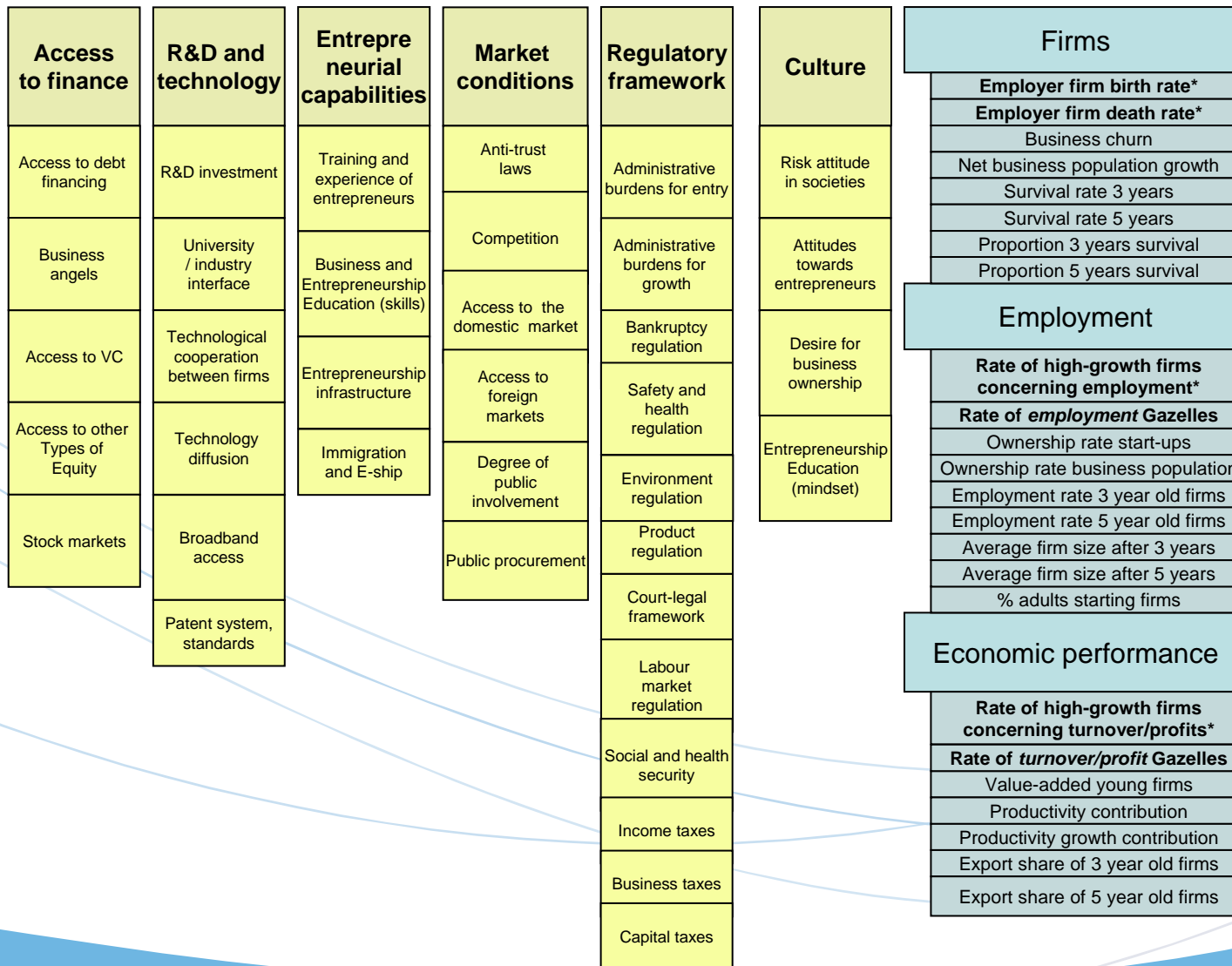
A Simple Model of the entrepreneurial process



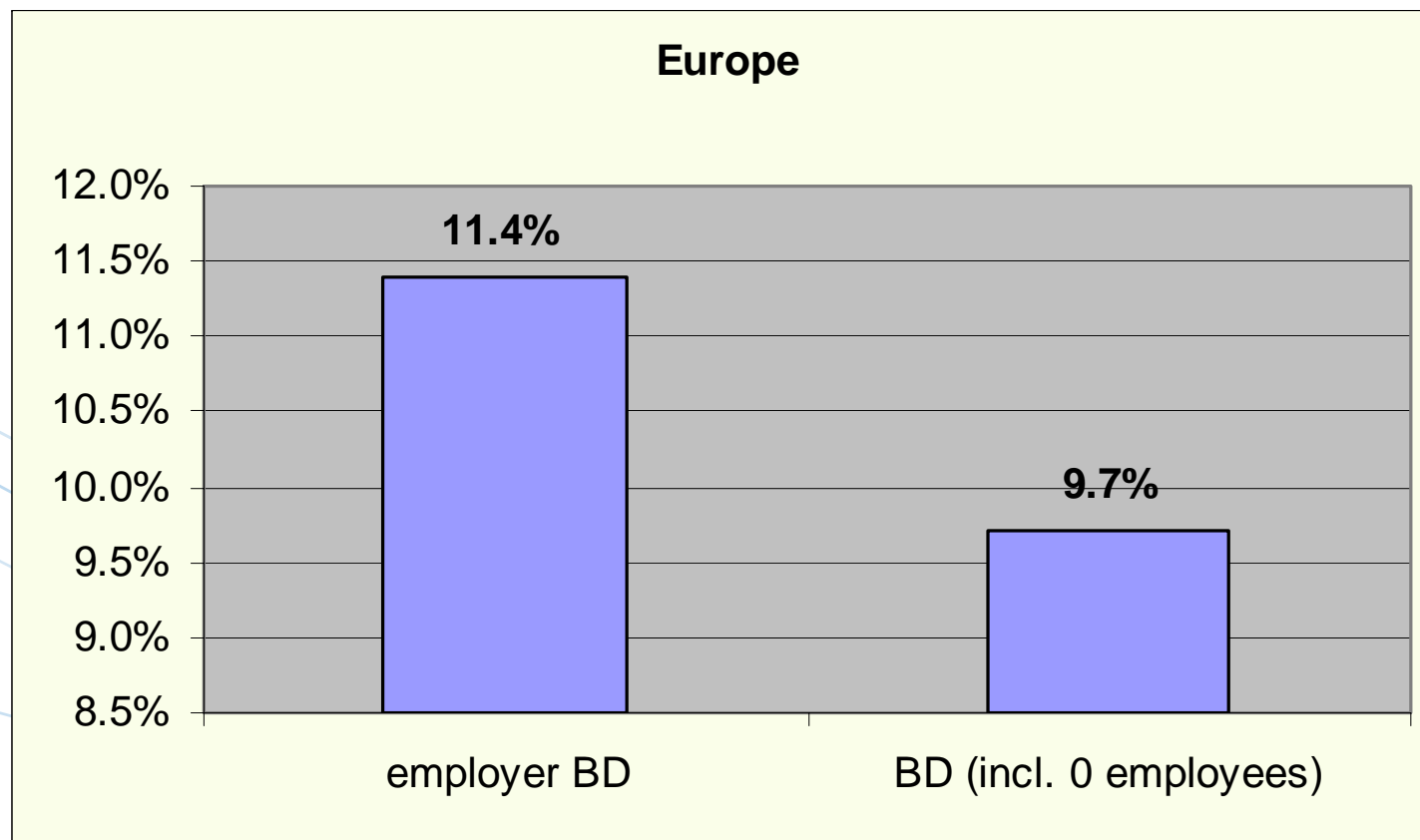
Determinants

Entrepreneurial Performance

Impact

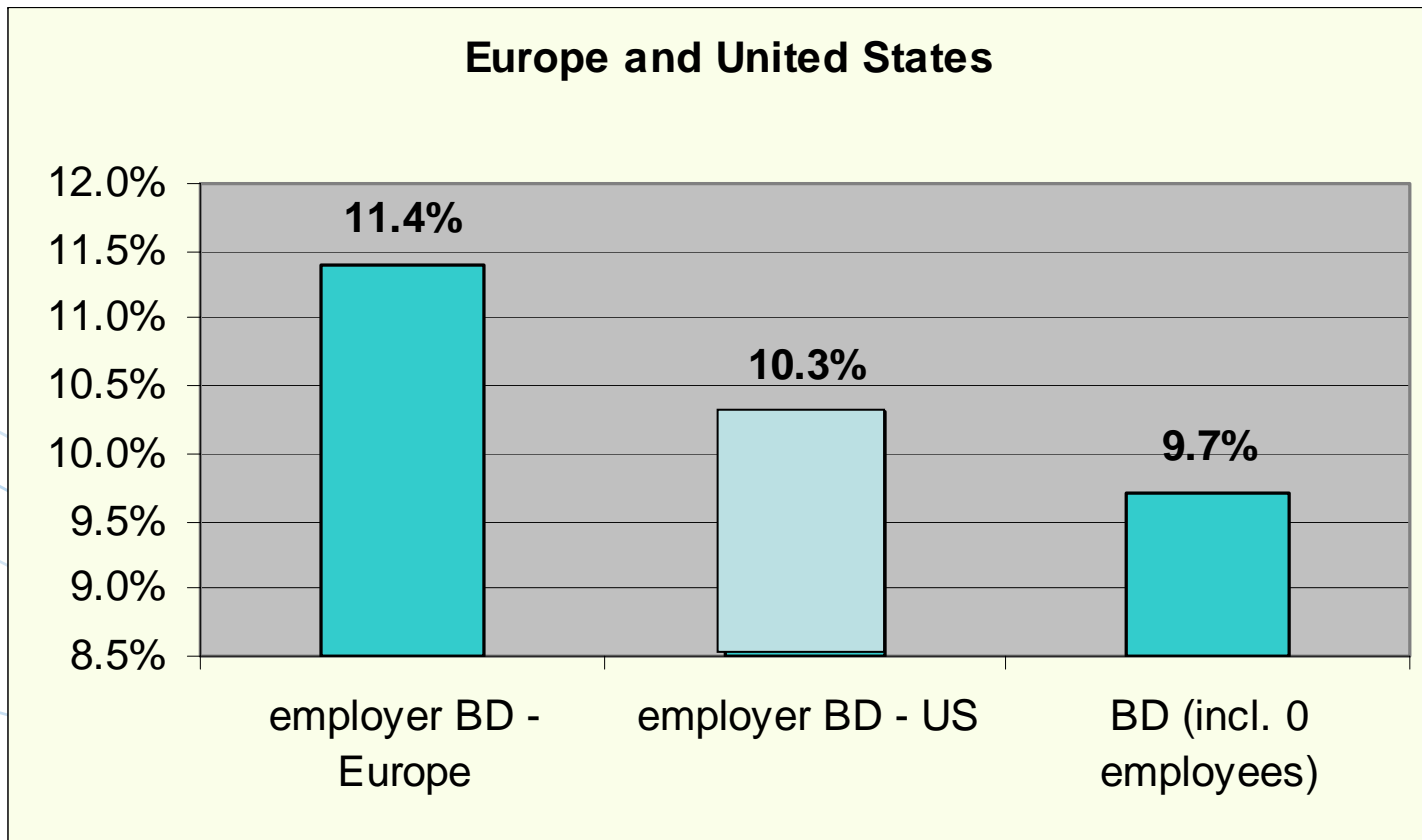


Birth rates: EU aggregate 2005



... compared with United States

(US: Census Bureau data provided to OECD)



Finally...

- www.entrepreneurship-indicators.net

- Thank you for your attention!

- Questions, comments?