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Business dynamics

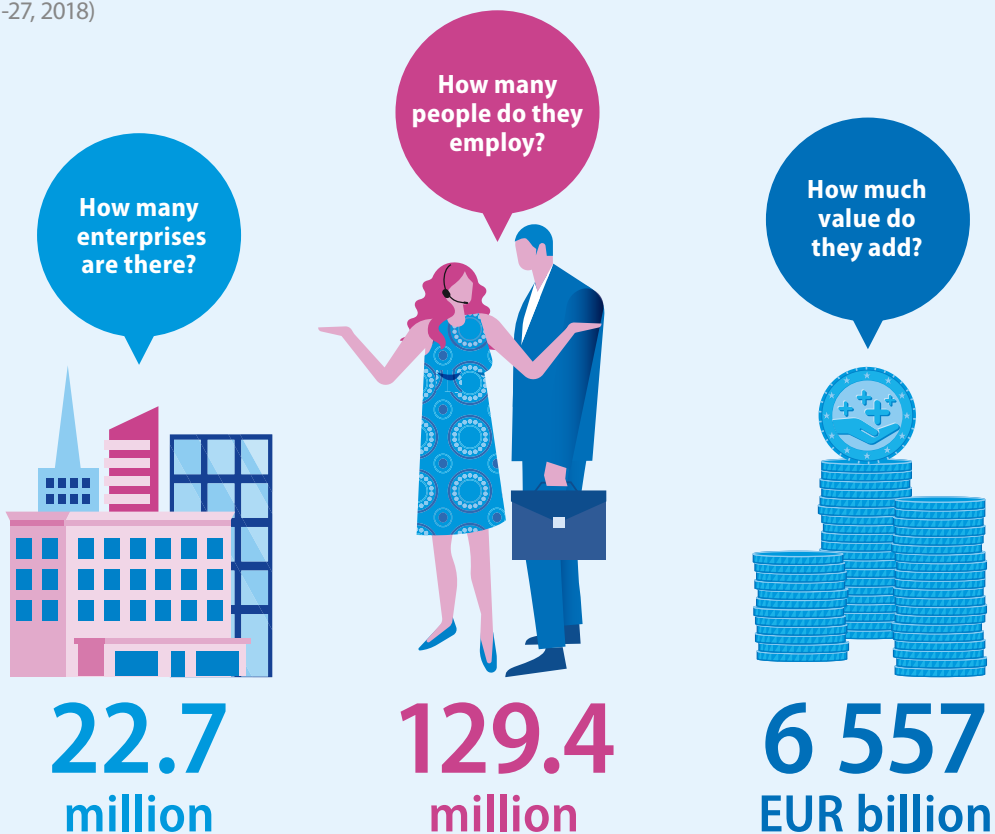


Size of businesses

Business statistics cover industry, construction, distributive trades and most other services. It is important to underline that they exclude a range of economic activities, such as: agriculture, forestry and fishing; public administration; education; health and social work; arts, entertainment and recreation. Alongside these, financial and insurance activities are also frequently excluded, given their specific nature and the limited availability of statistics in this area.

Key business statistics for the non-financial business economy

(EU-27, 2018)



In 2018, there were 22.7 million enterprises in the EU-27's non-financial business economy. Collectively they employed 129.4 million people and created EUR 6 557 billion of wealth as measured by value added at factor cost.

Note: the non-financial business economy covers industry, construction, distributive trades and most other market services outside of financial services.

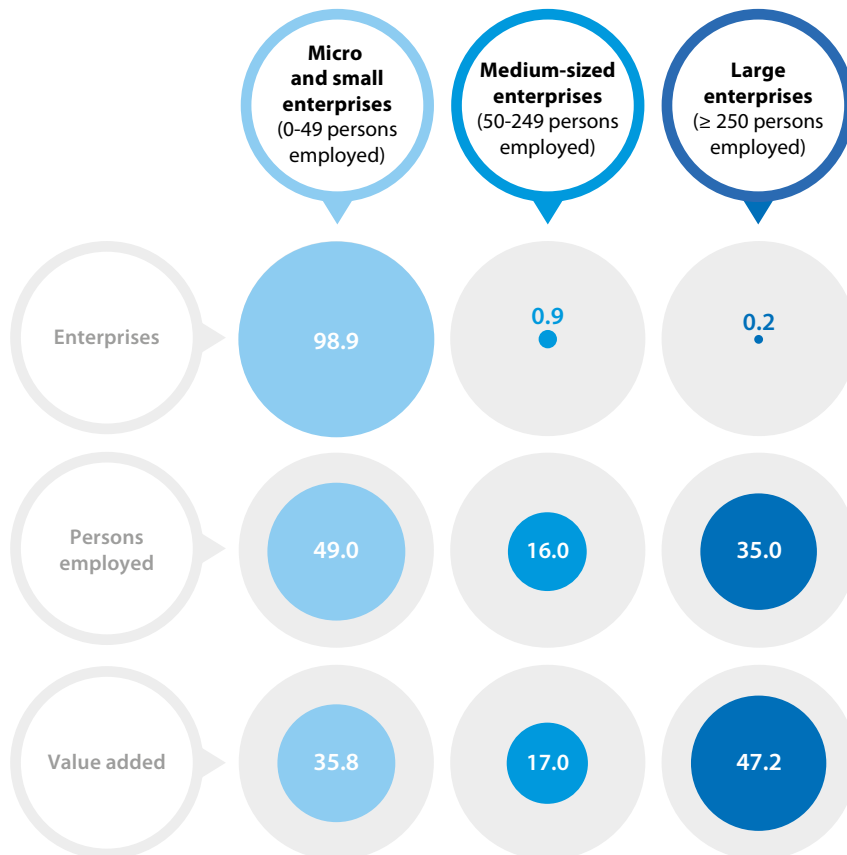
Source: Eurostat (online data code: sbs_na_sca_r2)

Key business statistics in the non-financial business economy

(% share for each enterprise size class, EU-27, 2018)

Data relating to enterprises that are active within the non-financial business economy can be presented according to enterprise size, measured in terms of the number of persons they employ. In 2018, the overwhelming majority (98.9 %) of EU-27 businesses were micro or small enterprises employing fewer than 50 persons. Their economic weight was lower in terms of their contribution to employment or value added: micro and small enterprises employed half (49.0 %) of the EU-27's non-financial business economy workforce, while they contributed just over one third (35.8 %) of the value added.

In 2018, there were 40 000 large enterprises (with 250 or more persons employed) in the EU-27's non-financial business economy. These large enterprises represented just 0.2 % of the total number of enterprises. However, their economic weight was considerably greater: large enterprises employed more than one third (35.0 %) of the EU-27's non-financial business economy workforce and generated an even higher share of its wealth (47.2 % of value added).

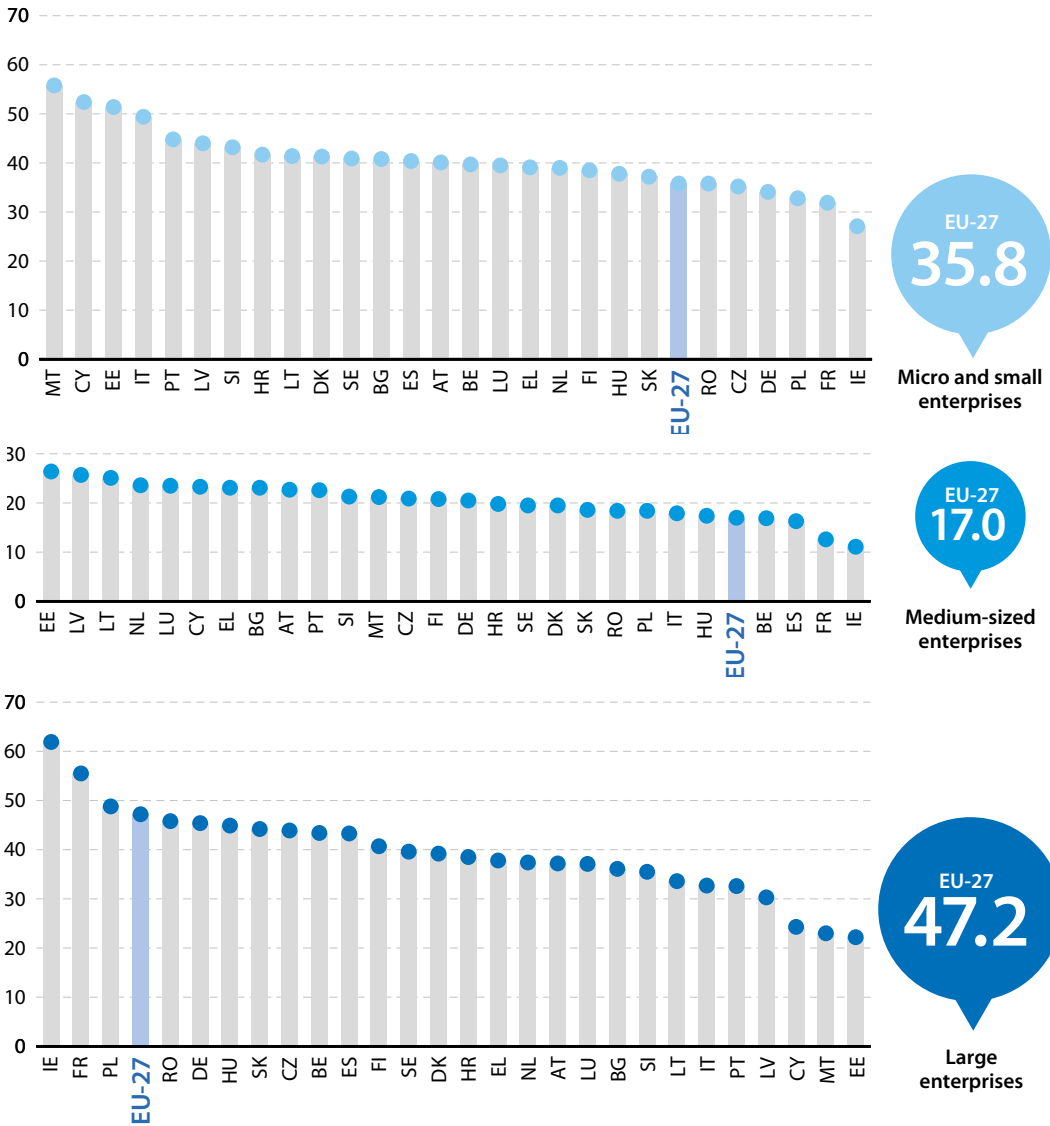


Note: estimates made for the purpose of this publication.

Source: Eurostat (online data code: sbs_sc_sca_r2)

Value added in the non-financial business economy

(% share of total value added for each enterprise size class, 2018)



In 2018, micro and small enterprises contributed a relatively high share of the value added in the non-financial business economies of most of the southern EU Member States and Estonia. By contrast, large enterprises were responsible for 45.0-50.0 % of value added in the non-financial business economies of Germany (2017 data), Romania and Poland, and 55.5 % in France; this share peaked at 61.9 % in Ireland.

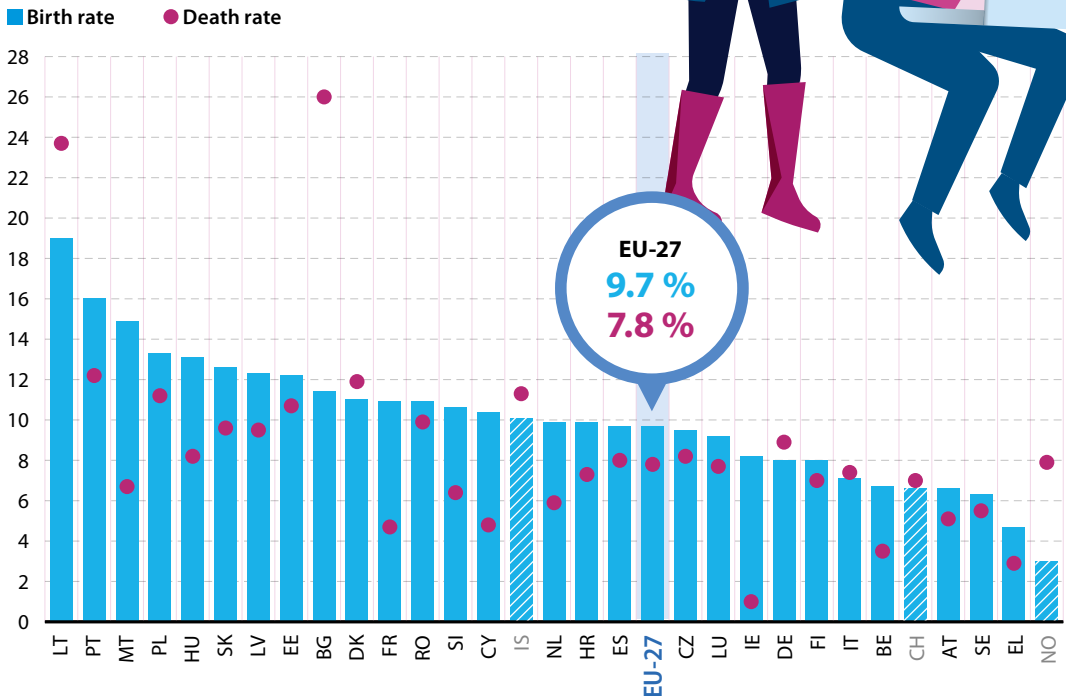
Note: data for the EU-27 are estimates made for the purpose of this publication. EL: excluding information and communication, real estate activities, and repair of computers and personal and household goods. PT: excluding real estate activities. DE, IE, NL, FI and SE: 2017. IT, CY and AT: 2016. DK: 2015.

Source: Eurostat (online data code: sbs_sc_sca_r2)

Entrepreneurship

Enterprise birth and death rates in the business economy

(%, 2018)



Business demography is a term used for studying the characteristics of the enterprises. The creation (or birth) of new enterprises and the closure (or death) of enterprises are important indicators for business dynamics.

In 2018, the EU-27 enterprise birth rate (as measured by the number of births as a percentage of the total population of active enterprises) in the business economy was 9.7 %. This ratio ranged from highs of 19.0 % in Lithuania and 16.0 % in Portugal down to 4.7 % in Greece.

Enterprise deaths concern the permanent closure of an enterprise. The information shown here therefore excludes changes resulting from mergers, take-overs,

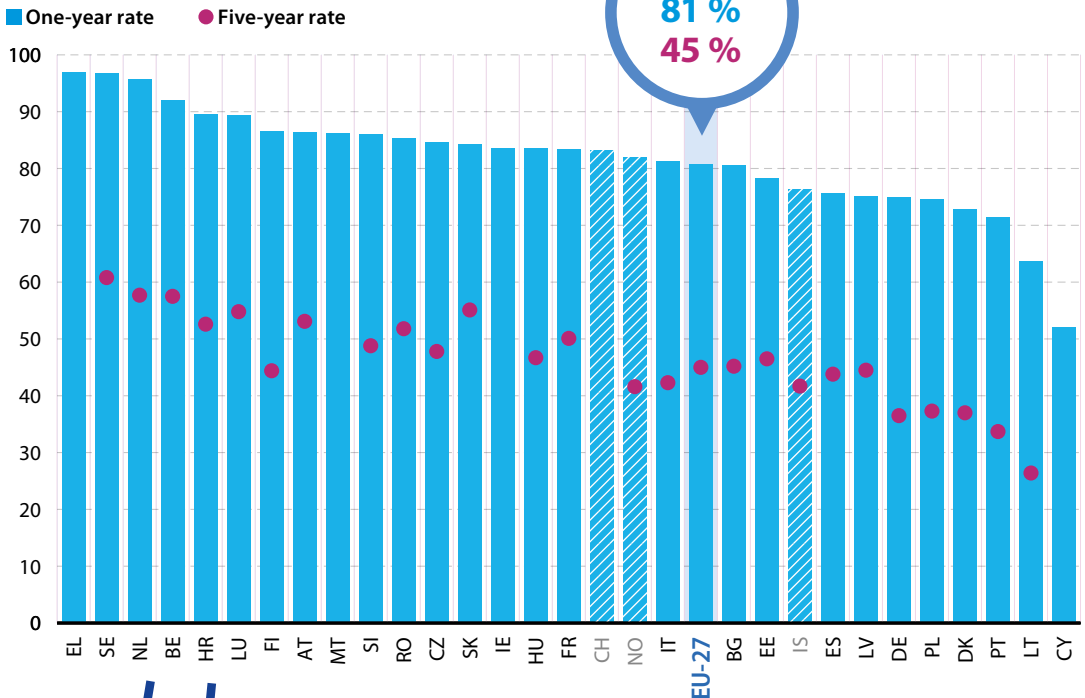
break-ups or other forms of restructuring such as a change of activity. In 2018, the enterprise death rate in the EU-27's business economy was 7.8 %, ranging from highs of 26.0 % in Bulgaria and 23.7 % in Lithuania down to lows of 2.9 % in Greece and 1.0 % in Ireland.

Note: data are preliminary and exclude the activities of holding companies (NACE Rev. 2 Group 64.2). CH: 2015.

Source: Eurostat (online data code: [bd_9ac_l_form_r2](#))

Enterprise survival rates in the business economy

(%, EU-27, 2018)



In 2018, more than four out of every five enterprises born in the previous year in the EU-27's business economy had survived their first year: the one-year survival rate was 81 %. This rate was particularly high in Greece and Sweden (97 % of newly-born enterprises survived one year), while more than 90 % of new enterprises survived at least one year in the Netherlands and Belgium. By contrast, less than 70 % of new enterprises in Lithuania and Cyprus (2015 data) survived their first year.

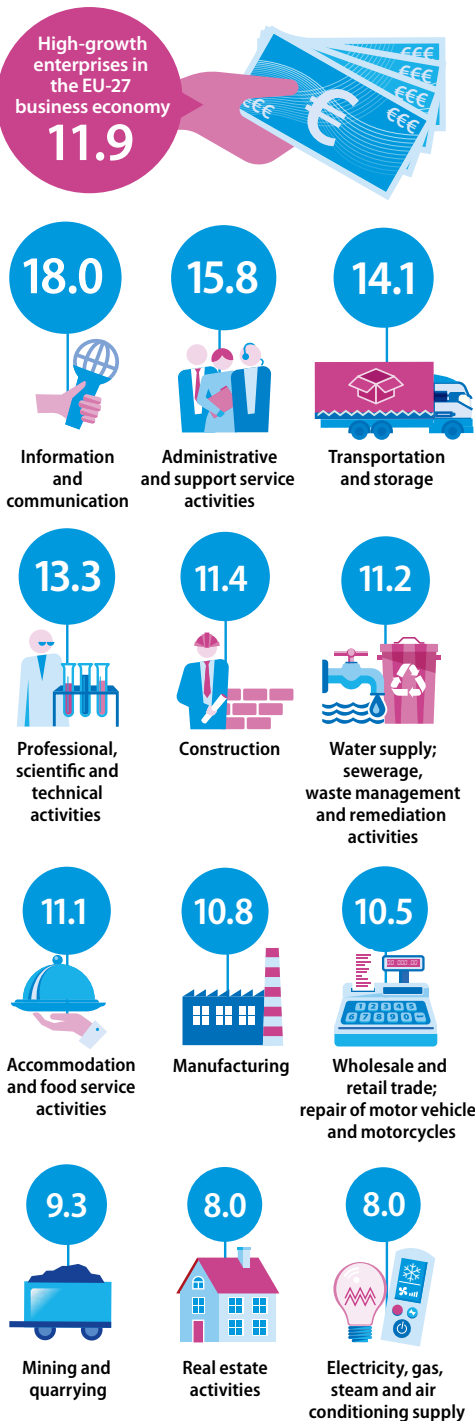
The EU-27 five-year survival rate for enterprises born in 2013 and still active in 2018 was 45 %; in other words, less than half of all newly-born enterprises from the 2013 cohort survived until 2018. Five-year enterprise survival rates were less than 50 % for a majority of the EU Member States, with the lowest rates recorded in Portugal (34 %) and Lithuania (26 %) and the highest in Sweden (60.8%), the Netherlands (57.5 %) and Belgium (57.5%).

Note: excluding the activities of holding companies (NACE Rev. 2 Group 64.2). EE, LU and CH: 2017. CY: one-year rate, 2015. EL, MT, IE, CY and CH: five-year rate, not available.

Source: Eurostat (online data code: [bd_9bd_sz_cl_r2](#))

High-growth enterprises

(% share of total number of enterprises in each sector, EU-27, 2018)



Enterprise creation and subsequent business growth can potentially have a considerable impact on employment.

In 2018, high-growth enterprises accounted for 11.9 % of all enterprises in the EU-27's business economy. These enterprises were particularly common in the information and communication sector (18.0 %) and in administrative and support service activities (15.8 %). At the other end of the range, three capital-intensive activities — mining and quarrying (9.3 %), real estate activities (8.0 %) and electricity, gas, steam and air conditioning supply (8.0 %) — had the lowest proportions of high-growth enterprises.

Note: a high-growth enterprise is defined within business demography statistics as one that had at least 10 employees at the beginning of the period studied and whose number of employees grew, on average, by more than 10 % per annum over a three-year period. Data for the business economy excluding the activities of holding companies (NACE Rev. 2 Group 64.2).

Source: Eurostat (online data code: [bd_9pm_r2](#))

High-growth enterprises

(% share of total number of enterprises in the business economy, 2018)

In 2018, high-growth enterprises accounted for around one in six of all enterprises in the business economies of Greece, the Netherlands and Spain, while Ireland (15.8 %) also recorded a relatively high share. By contrast, there were four EU Member States where high-growth enterprises accounted for less than 1 in 10 enterprises, with particularly low shares in Cyprus (2.7 %; 2016 data) and Romania (2.6 %).

Note: for high-growth enterprise definition see above. Excluding the activities of holding companies (NACE Rev. 2 Group 64.2). LU and CH: 2017. CY: 2016.

Source: Eurostat (online data code: [bd_9pm_r2](#))

EL	16.9
NL	16.3
ES	16.1
IE	15.8
SI	14.6
PT, MT	14.5
SE	13.9
SK	13.0
HU, PL	12.5
HR	12.1
EU-27, FI	11.9
IS	11.7
CZ, FR	11.6
IT	11.3
BG, LV	11.2
DE, LU	10.7
EE	10.5
NO	10.3
DK, LT	10.2

AT	8.5
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BE	7.4
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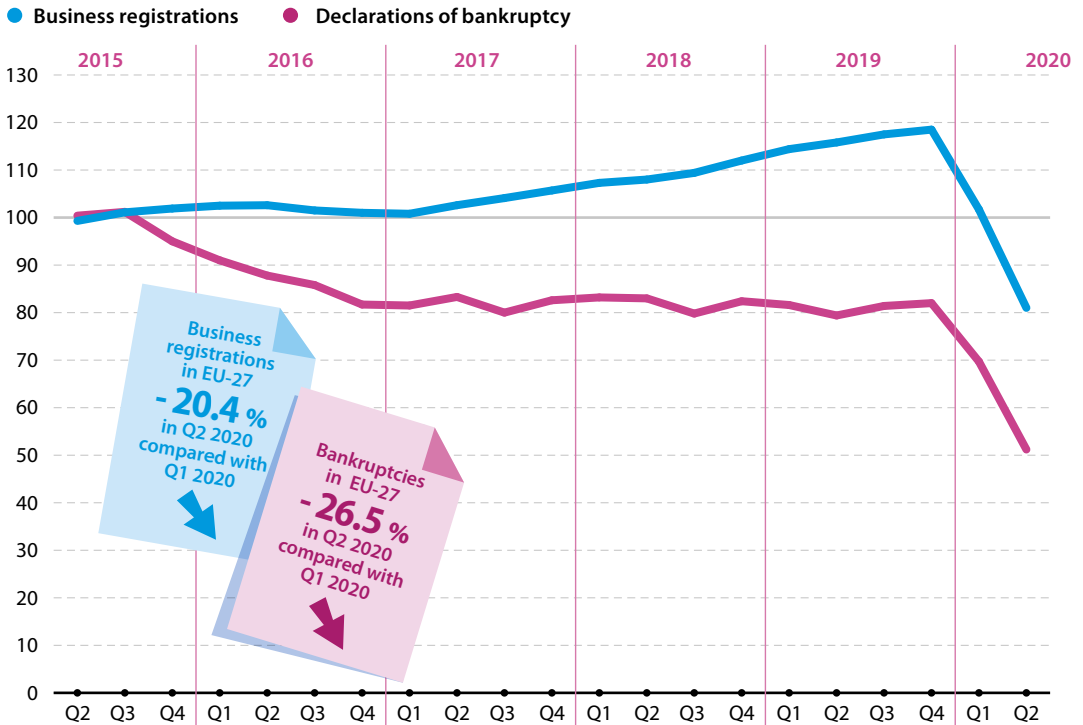
CH	6.8
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CY	2.7
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RO	2.6
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Business registrations and declarations of bankruptcy

(2015 = 100, EU-27, Q2 2015-Q2 2020)



In contrast to data for enterprise births, business registrations are an administrative procedure that may be considered as a declaration of intent. Between the start of 2017 and the end of 2019, there was a relatively stable upward trend for the number of business registrations in the EU. This pattern ended abruptly in the first quarter of 2020 when the impact of the COVID-19 pandemic and related containment measures was felt.

Bankruptcy declarations provide an early sign for measuring sentiment in the business economy. Some businesses that file for bankruptcy may be sold off and hence they do not necessarily close permanently, in contrast to the situation for an enterprise death. Having fallen between the start of 2015 and the middle of 2017, the number of bankruptcy declarations in the EU remained relatively unchanged up until the first quarter of 2020 when the impact of the pandemic and containment measures was felt.



[For more and updated information on business registrations and declarations, please refer to the Statistics Explained article.](#)

Note: the activities covered are industry, construction, distributive trades and most other services (as defined by NACE Rev. 2 Sections B to N and P to R and NACE Rev. 2 Divisions 95 and 96). Excluding CZ, DK, IE, EL, HR, CY, LV, LU, MT, AT, SI, FI and SE. Declarations of bankruptcy: also excluding NL and SK.

Source: Eurostat

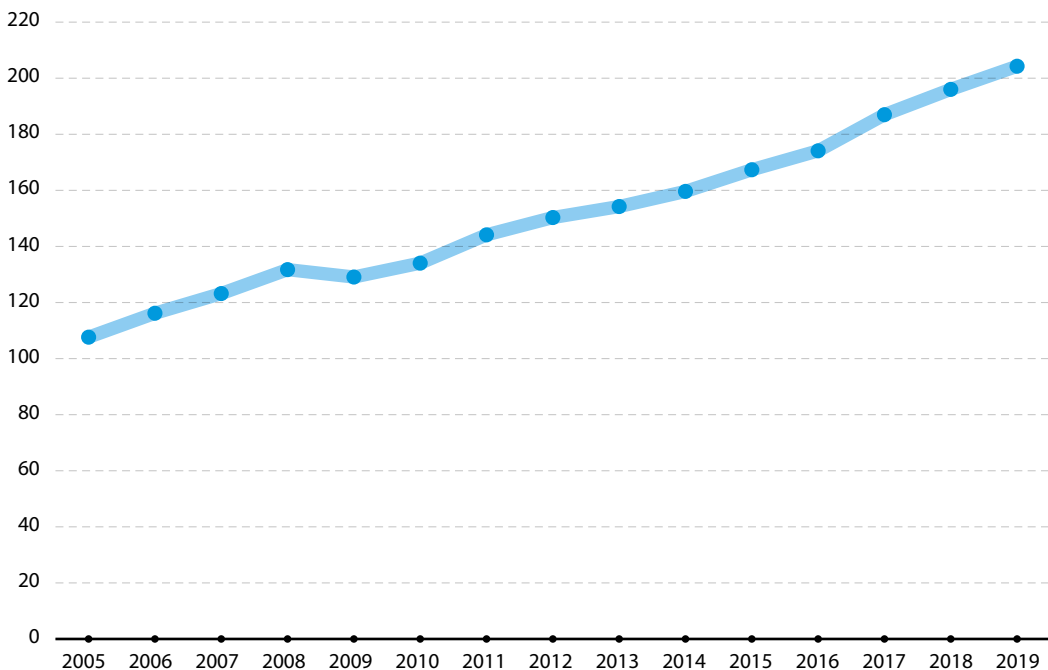
Research and development

Business expenditure on R&D

(EUR billion, EU-27, 2005-2019)

Business expenditure on R&D is a measure of intramural (within a country) R&D. The business enterprise sector usually accounts for the highest share of gross domestic expenditure on R&D when compared with the higher education, government and private non-profit sectors. Other than a slight reduction in 2009, EU-27 business expenditure on R&D rose consistently (in current price terms) between 2005 and 2019. It reached EUR 204 billion by the end of this period having grown more than 4 % from 2018 to 2019.

The share of business expenditure on R&D in gross domestic expenditure on R&D is very different among EU Member States. Sweden, Denmark, Austria, Germany, Belgium and Finland had some of the highest shares of business expenditure on R&D relative to their overall spend on R&D; they also recorded some of the highest rates of overall R&D intensity.

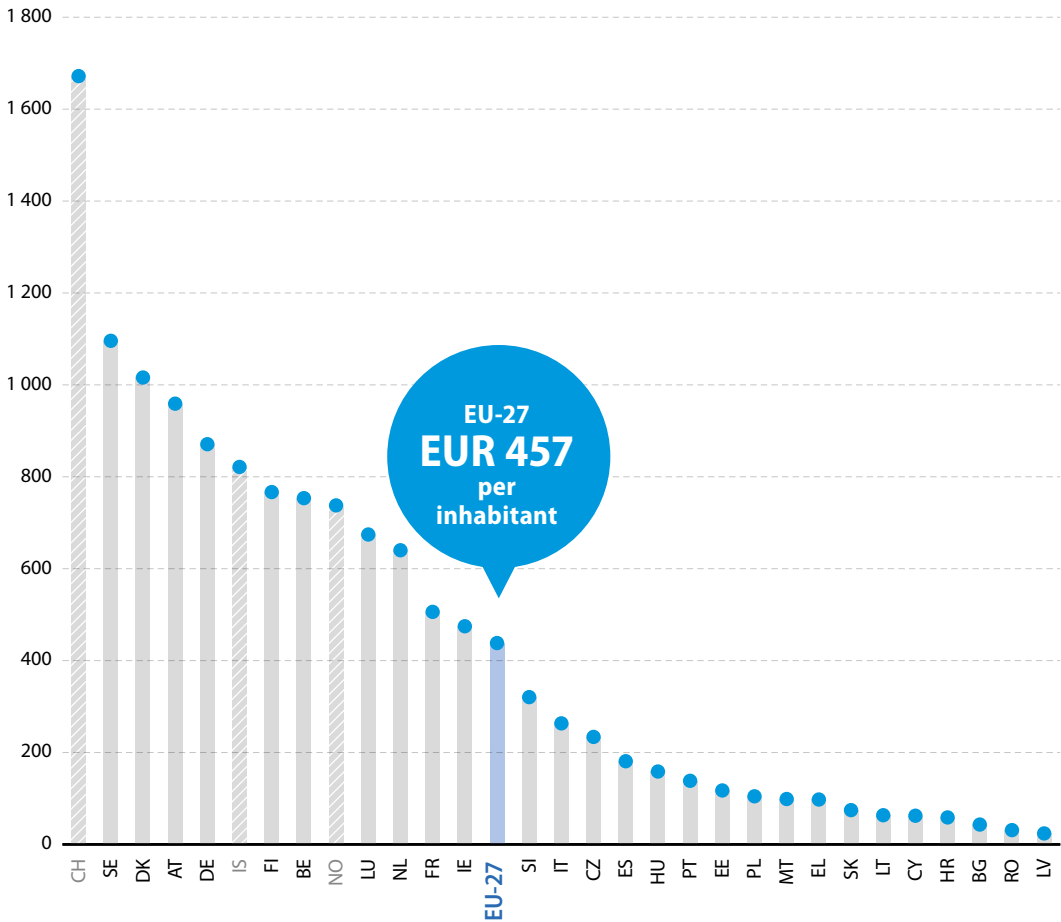


Note: business expenditure across all economic activities.

Source: Eurostat (online data code: [rd_e_berdindr2](#))

Business expenditure on R&D

(EUR per inhabitant, 2019)



Business enterprise expenditure on R&D in the EU-27 averaged EUR 457 per inhabitant in 2019. This ratio stood at more than EUR 1 000 per inhabitant in Sweden and Denmark, but was less than EUR 200 per inhabitant in 14 EU Member States, with the lowest ratios in Latvia and Romania.

Note: business expenditure across all economic activities.
CH: 2017; IS: 2018.

Source: Eurostat (online data code: rd_e_berdindr2)

Intramural R&D expenditure in industry and construction

(% share of total intramural expenditure according to the control of the enterprise, 2017)



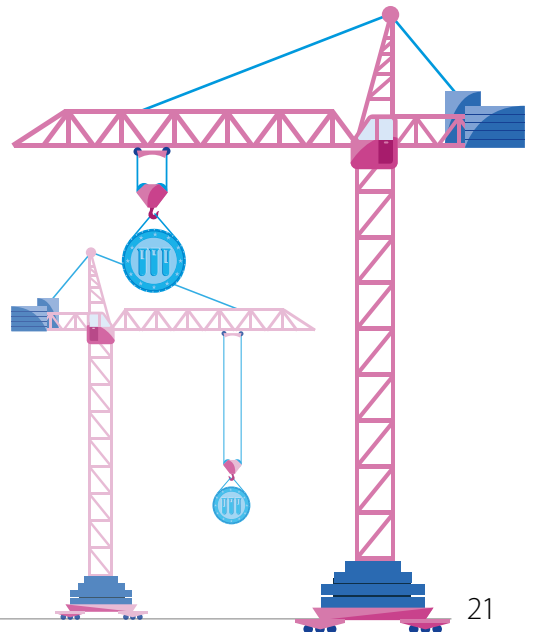
- Nationally-owned enterprises
- Foreign-owned enterprises

Part of the globalisation phenomenon observed in recent decades has been the growing internationalisation of R&D expenditure. This can have benefits for host economies as well as for multinational enterprises that carry out research abroad, especially in terms of a transfer of knowledge.

Within the activities of industry and construction, foreign-owned enterprises carried out more than half of all intramural R&D expenditure in eight of the EU Member States, namely, Poland, Austria, Sweden, Hungary, Czechia, Ireland, Croatia and Slovakia. At the other end of the range, almost four fifths of total R&D expenditure in industry and construction was carried out by nationally-owned enterprises in Italy and Germany, with an even higher share in Portugal (88.1 %).

Note: intramural R&D expenditures are all current expenditures plus gross fixed expenditure for R&D performed within a statistical unit. BG and EL: 2015. BE, CY, LV, LT, LU, MT and RO: not available.

Source: Eurostat (online data code: fats_g1a_rd)



Innovation

Innovation active enterprises

(EU-27, 2018)



Note: for all datasets displayed on pages 12 and 13 based on core innovation activities. Covers enterprises with 10 or more employees. Innovation active enterprises include those with ongoing and abandoned innovative activities, regardless of whether or not the activity results in the implementation of an innovation.

Source: Eurostat (online data code: inn_cis11_bas)

The Community innovation survey (CIS) focuses on the innovation activities of enterprises. It concentrates on a set of core innovation activities and only covers enterprises with 10 or more employees. In 2018, there were 730 thousand enterprises across the EU-27 in this target population, of which approximately half were engaged in some form of innovation (product, process, organisational and/or marketing innovations).

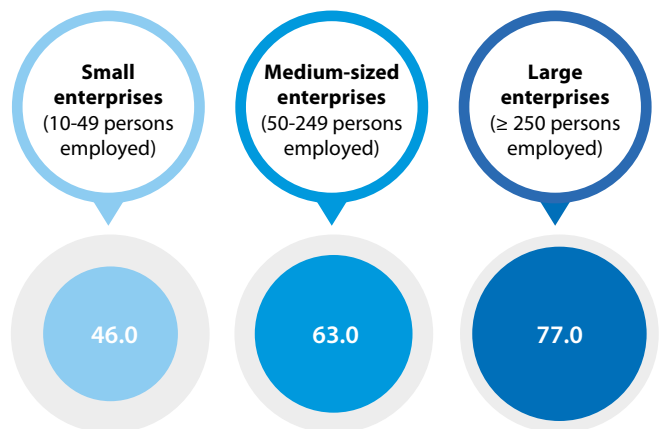
Innovation active enterprises

(% share of enterprises that are innovation active for each enterprise size class, EU-27, 2018)

In 2018, across core innovation activities more than three quarters of all large enterprises (with 250 or more employees) in the EU-27 engaged in some form of innovative activity. By contrast, less than half of all small enterprises (with 10-49 employees) were engaged in some form of innovation.

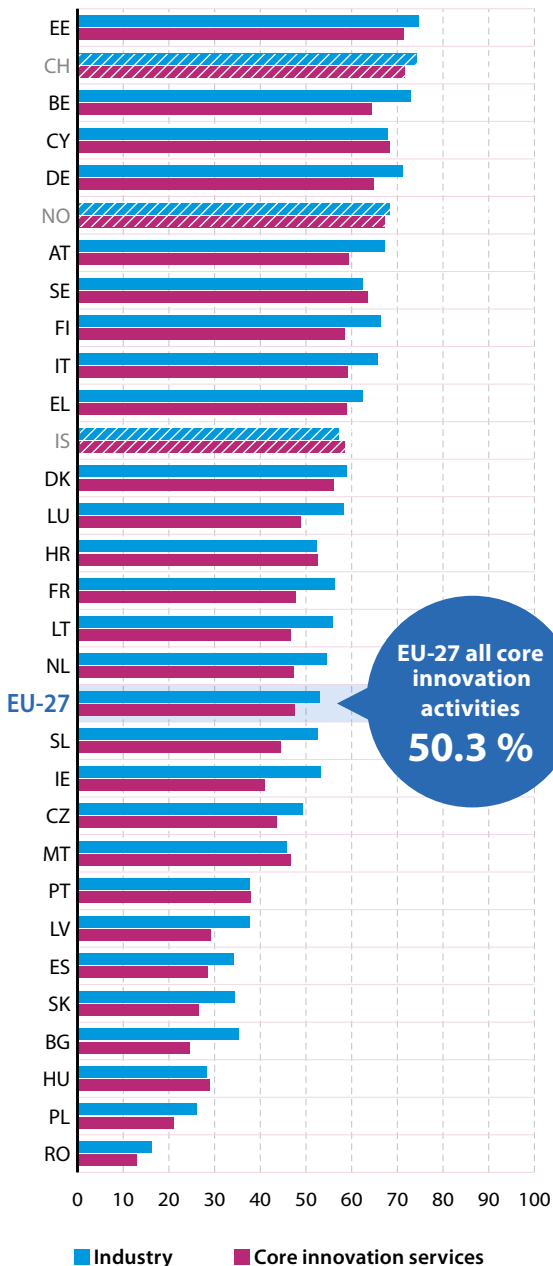
Note: see note above.

Source: Eurostat (online data code: inn_cis11_bas)



Innovation active enterprises

(% share of innovative enterprises by type of activity, EU-27, 2018)



EU-27 all core innovation activities
50.3 %

There appeared to be little difference in 2018 across the EU-27 between the share of enterprises within industry (53.1 %) and core innovation services (47.6 %) that were engaged in innovation.

In 2018, the proportion of industrial enterprises that were innovators peaked at 74.7 % in Estonia, while Belgium, Cyprus, Germany, Austria and Finland were the only other EU Member States to record shares of more than two thirds. By contrast, the lowest shares were recorded in Poland (26.1 %) and Romania (16.3 %).

In 2018, the proportion of core innovation service enterprises that were innovators peaked at 71.5 % in Estonia. The next highest shares — all within the range of 60-65 % — were recorded in Cyprus, Germany, Belgium and Sweden.

Employees working in innovation active enterprises

(% share of total employees, 2018)

The proportion of employees working in innovative enterprises reflects, at least to some degree, the specialisation and concentration of particular economic activities and the size structure of enterprises within each economy: larger enterprises tend to have a greater propensity to be innovators.

Across core innovation activities in 2018, more than four out of every five employees in Germany, Estonia, Belgium, Finland, Austria and Sweden worked for an enterprise engaged in some form of innovation activity. In all but one of the remaining EU Member States, more than half of all employees worked for an innovative enterprise. The one exception was Romania, where approximately one quarter of all employees worked for an innovative enterprise.

Note: see note on page 22. CH: 2016.

Source: Eurostat (online data code: [inn_cis11_bas](#))

CH	87.9
DE	86.5
EE	84.9
BE	84.6
FI	81.0
AT	80.8
SE	80.4
FR	78.9
CY	77.2
NO	77.0
IT, IS	76.7
EL	75.4
LT	71.1
SI	69.3
DK	68.7
HR	68.0
CZ	67.2
LU	66.7
NL	65.5
MT	62.7
PT	60.0
BG	57.8
ES	57.0
LV	55.5
SK	54.4
IE	53.4
HU	52.1
PL	50.4
RO	24.8

Note: see note on page 22. Ranked on the share for all core innovation activities (industry and core innovation services together). Industry: [B-E]; Innovation core services activities: [G46-M73 INN]. CH: 2016

Source: Eurostat (online data code: [inn_cis11_inact](#))