

Entrepreneurship - statistical indicators

Statistics Explained

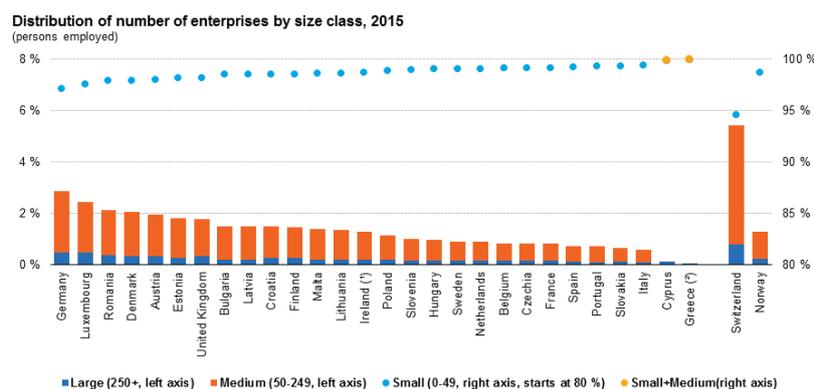
Data extracted in November 2018
Planned article update: November 2019

This article highlights aspects of entrepreneurship in the [European Union \(EU\)](#) using data from [structural business statistics \(SBS\)](#), [business demography \(BD\)](#), [international trade in goods statistics by enterprise characteristics \(TEC\)](#) and [services trade by enterprise characteristics \(STEC\)](#).

Small, medium-sized and large enterprises

Small enterprises make up vast majority of enterprises

[Small enterprises](#) are defined as having fewer than 50 persons employed. Figure 1 shows that in 2015 they made up the vast majority of enterprises in the [EU-28](#), ranging from 97 % in Germany, and 95 % in the [EFTA](#) country Switzerland, to above 98 % in the remaining EU countries (only countries for which data are available are shown in the figures in this article). In contrast, [large enterprises](#) with 250 or more persons employed account for 0.5 % or less of all enterprises in all the EU countries. [Medium-sized enterprises](#), which employ between 50 and 249 persons, are generally more predominant in countries with a greater proportion of large enterprises.



(*) Data for 2015 was replaced by 2014 data
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Source: Eurostat (online data code: sbs_sc_sca_r2)

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Figure 1: Distribution of number of enterprises by size class, 2015 (persons employed) Source: Eurostat (sbs_sc_sca_r2)

Small enterprises account for about half of employment

The distribution of total employment across small, medium-sized and large enterprises is shown in Figure 2. In 2015, small enterprises typically accounted for between 40 % and 60 % of total employment. The two exceptions are Italy at the higher end with 66 % and the United Kingdom at the lower end with 38 %. When looking at Figures 1 and 2 together, we see that small and medium-sized enterprises in Greece, which together account for almost 100 % of all enterprises in Greece, account for 86 % of total employment, whereas in the United Kingdom 98 % of small enterprises account for only 38 % of total employment.

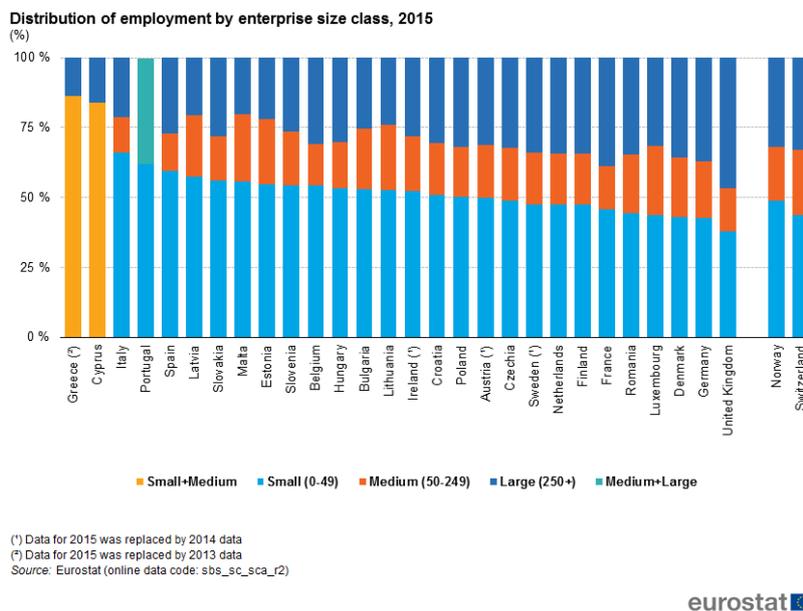


Figure 2: Distribution of employment by enterprise size class, 2015 (%) Source: Eurostat (sbs_sc_sca_r2)

The distribution of value added by size class in 2015 is shown in Figure 3. Small enterprises generally account for around 35 % to 50 % of the total value added. However, lower shares of value added by small enterprise are found in Poland (30 %), Romania (33 %) and Czechia, Germany and the United Kingdom (each with 34 %); the highest share is found in Malta (59 %).

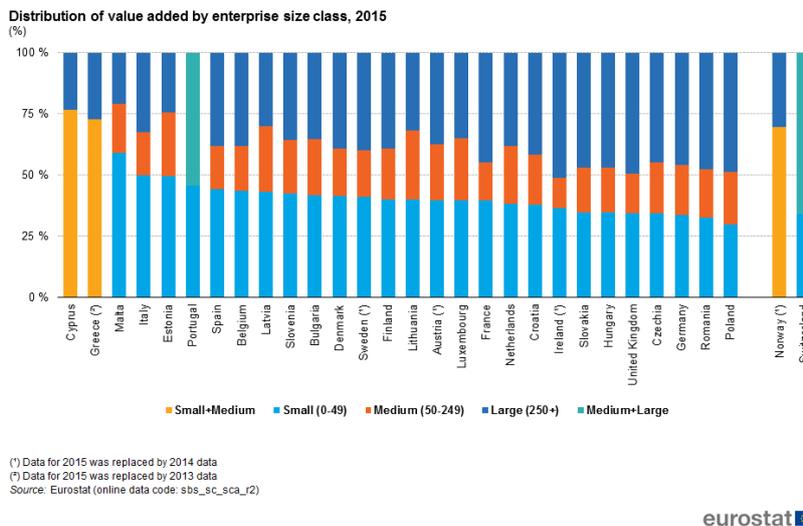
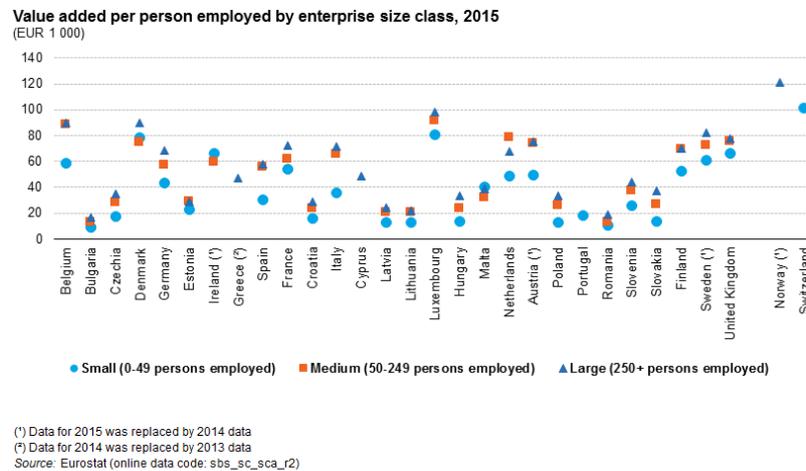


Figure 3: Distribution of value added by enterprise size class, 2015 (%) Source: Eurostat (sbs_sc_sca_r2)

Due to economies of scale, value added per employed person is generally higher in large enterprises than in small enterprises (see Figure 4). However, in several countries value added per person appears to be the same in medium-sized and large enterprises, while small enterprises show somewhat lower value added per employed person.



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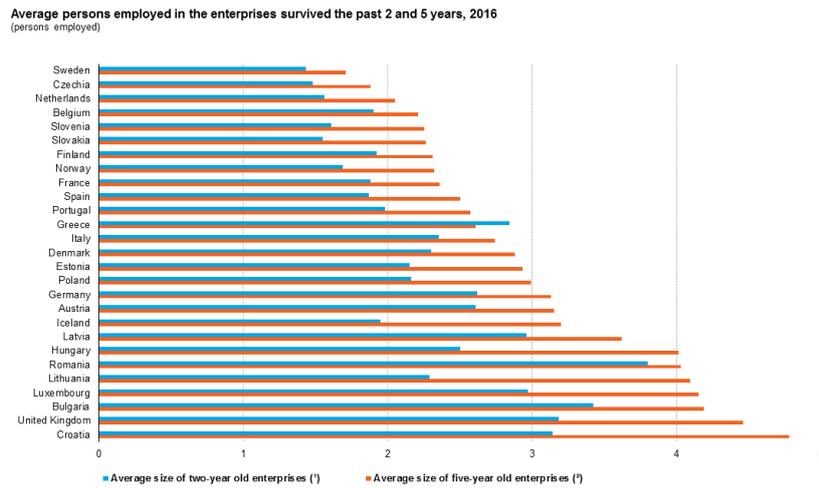
Figure 4: Value added per person employed by enterprise size class, 2015 (EUR 1 000) Source: Eurostat (sbs_sc_sca_r2)

Business Demography

Enterprises average size tends to grow with age

Business demography tracks employment in enterprises that are established in a certain year and survive for between 1 to 5 years. Based on these statistics, Figure 5 shows the average size of enterprises in terms of employment. The data points to two-year-old enterprises and five-year-old enterprises in reference year 2016. It clearly indicates that the five-year-old enterprises operating in 2016 had a substantially higher average employment than the two-year-old enterprises of the same year. This growth in the average size of enterprises is probably intensified due to the fact that a number of poorly performing enterprises established 5 years previously have more frequently ceased their operation compared to the two-year-old enterprise population. The only exception to this pattern is Greece, where the average employment of the two-year-old enterprises was higher than that of the five-year-old enterprises.

The average employment of the population of five-year-old enterprises still operating in 2016 was the lowest (below 2 persons) in Sweden and Czechia. On the other hand, the highest average employment of five-year-old enterprises was recorded for Croatia and the United Kingdom, where these enterprises accounted for an average of 4.8 persons and 4.5 persons employed in the business sector respectively.



Note: data for Germany estimated; Austria, Greece and Iceland provisional data; Iceland break in time series.
 (*) number of persons employed in the reference period (t) among enterprises newly born in t-2 having survived to t - number enterprises in t newly born in t-2 having survived to t - number
 (**) number of persons employed in the reference period (t) among enterprises newly born in t-5 having survived to t - number enterprises in t newly born in t-5 having survived to t - number
 Source: Eurostat (online data code: bd_9bd_sz_cl_r2)

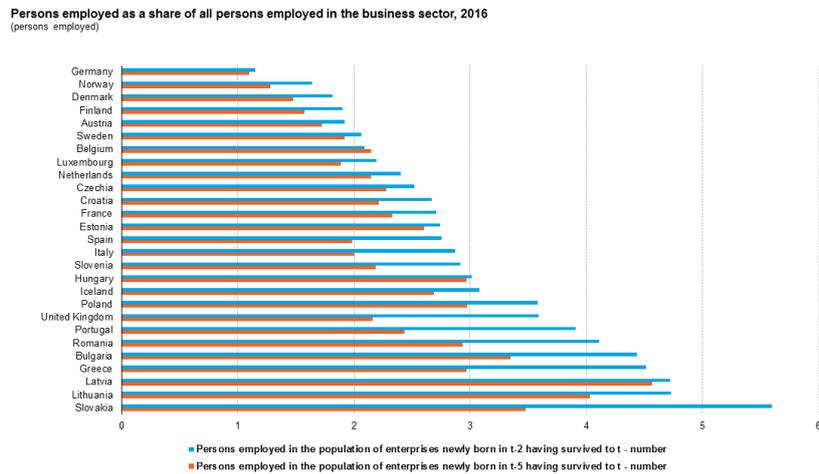
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Figure 5: Average persons employed in the enterprises survived the past 2 and 5 years (persons employed) Source: Eurostat (bd_9bd_sz_cl_r2)

Employment contribution of two-year-old enterprises dominant over five-year-old enterprise population

An analysis of the role of the two-year-old and five-year-old survivor enterprises results in a different outcome if looking at the absolute employment contribution of these enterprises instead of the growth in average size. Based on Figure 6, it is quite clear that in all countries - except in Belgium - the employment share of the two-year-old enterprise population is dominant over the population of five-year-old enterprises. This can be partly explained by the fact that the population of five-year-old enterprises has been reduced every year, since not all enterprises that started up 5 years previously have survived during the period. However, typically in half of the countries the employment shares of two-year-old and five-year-old enterprises are quite close, while the other half of the countries show a considerable dominance in employment of two-year-old enterprises over the five-year-old ones.

The employment contribution of two-year-old and five-year-old enterprises is generally between 1 % to 5 % of all persons employed in the business sector. The lowest share for these young enterprise groups was recorded for Germany, followed by Denmark, Finland and Austria as well as the EFTA country Norway, where these enterprises accounted for a share of between 1 % and 2 %. At the other end, Slovakia, Lithuania and Latvia recorded the highest employment contribution of these groups, around 4 % to 5 %.



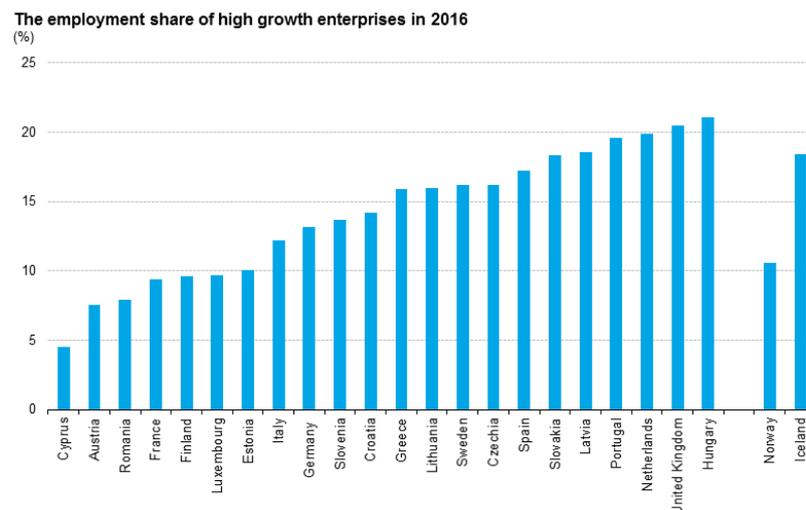
Note: data for Germany estimated; Austria, Greece and Iceland provisional data; Iceland break in time series.
Source: Eurostat (online data code: bd_9bd_sz_cl_r2)

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Figure 6: Persons employed as a share of all persons employed in the business sector (persons employed) Source: Eurostat (bd_9bd_sz_cl_r2)

High Growth enterprises connected to entrepreneurship

High growth enterprises are often considered to have a key role for economic growth. Very often these enterprises are also **micro** or small enterprises and therefore close to the concept of entrepreneurship. The high growth enterprises are defined as having an average annualised growth in employment greater than 10 % over a three-year period. An additional condition is that they employ a minimum of ten persons at the beginning of the growth.



Note: provisional data for Austria, Greece, Iceland
Source: Eurostat (online data code: bd_9pm_r2)

eurostat

Figure 7: The employment share of high growth enterprises in 2016 (%) Source: Eurostat (bd_9pm_r2)

The overall contribution of high growth enterprises to employment is considerable, as shown in Figure 7. The range varies from as low as below 5 % in Cyprus (4.5 %) to as high as just over 20 % in Hungary (21.1 %) and the United Kingdom (20.5 %). The central role of high growth enterprises is emphasised as these enterprises typically account for around 15 % of the total persons employed in the business sector. More information on high-growth enterprises can be found in the recent news item on [high-growth enterprises in the EU](#) .

Exports of goods by enterprise size class

Figure 8 shows the share of exports by enterprise size class. For many countries, the enterprise size class for a relatively large share of exports is unknown (represented by the green bar at the bottom of the graph), impacting somewhat the country comparisons. An overall conclusion is that, in terms of the number of enterprises, the micro enterprises with less than 10 persons employed dominate the exports of goods. Typically, these micro enterprises represent around 60 % to 70 % of all exporting enterprises, although Sweden, Spain, Estonia, the Netherlands, Slovenia and Belgium are above this, and Croatia, Romania, Luxembourg and Czechia are below. Small enterprises with 10 to 49 employees, together with micro enterprises, generally account for around 90 % of the exporting enterprises. The highest shares of these enterprises were recorded in Slovenia and Belgium (both 95 %), followed by Italy, the Netherlands and Estonia (each 94 %), while the lowest shares were recorded in Luxembourg ((77 %) and Czechia (71 %).

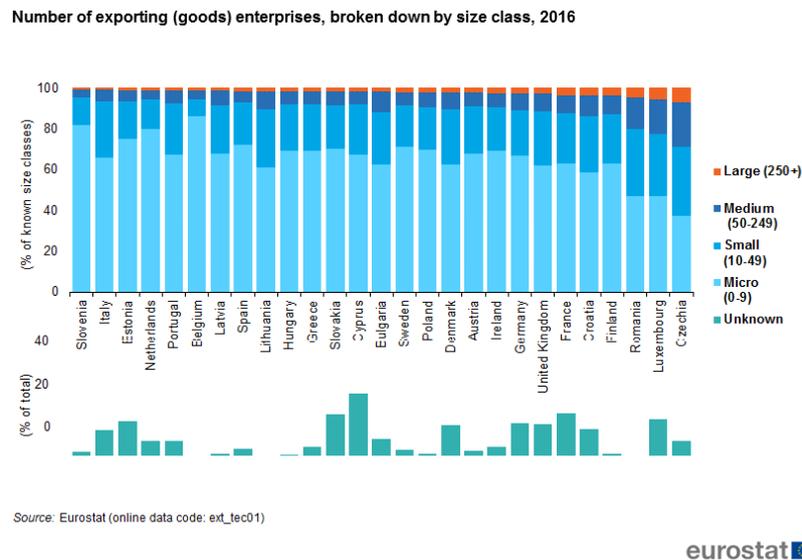


Figure 8: Number of exporting (goods) enterprises, broken down by size class, 2016 Source: Eurostat (ext_tec01)

Even though small and micro enterprises are dominant when measured by number of enterprises, they generally account for a rather modest share of the exports value. Micro enterprises employing less than 10 persons is obviously the most relevant size class when dealing with entrepreneurship. Figure 9 shows the share micro enterprises have in exports of goods, but note that in some countries the share of unknown enterprise size was significant. The export share of micro enterprises in the majority of the countries is between 5 % and 18 %. The exceptions to this are Hungary and Belgium, with shares well above this; at the other end Finland, France, Czechia and Germany showed a low export share of less than 5 % for micro enterprises.

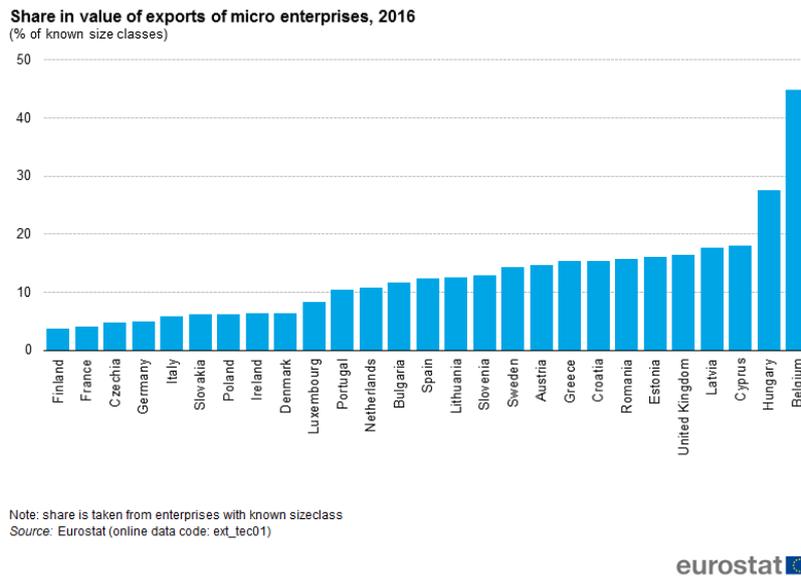


Figure 9: Share in value of exports of micro enterprises, 2016 (% of known size classes) Source: Eurostat (ext_tec01)

Exports of services by enterprise size

The role of smaller enterprises in exports of services is dominant in small countries (e.g. Luxembourg and Estonia). In other countries participating in the data collection, large enterprises (which tend often to be foreign controlled) play a dominant role, e.g. they accounted for over half of the services exported from Ireland, Czechia, Finland and the Netherlands. Small enterprises with less than 50 persons employed had the most prominent export shares of services in Luxembourg, Denmark, Estonia and Norway; in all of these countries, small enterprises recorded a minimum of 45 % or more of services exports. See the Statistics Explained article [Services trade by enterprise characteristics - STEC](#)

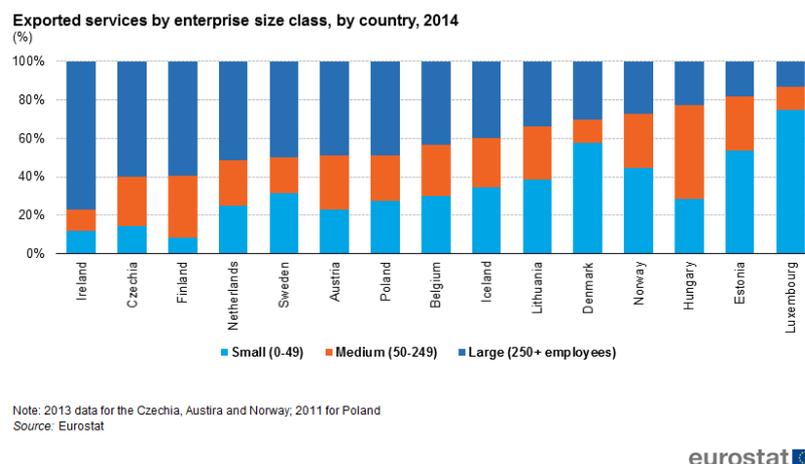


Figure 10: Exported services by enterprise size class, by country, 2014 (%) Source: Eurostat (sbs_sc_sca_r2)

SME profiling - independent or dependent enterprises?

Small and medium-sized enterprises (SMEs) are a focal point in shaping enterprise policy in the European Union (EU). The European Commission considers SMEs as key to ensuring economic growth, innovation, job creation, and social integration in the EU. However, in official statistics, SMEs can currently only be identified by employment size as enterprises with fewer than 250 persons employed. Since entrepreneurship is typically

linked to independent enterprises, the role of SMEs and independent enterprises is briefly elaborated on the basis of the recent micro data linking (MDL) project by Eurostat and Member States. See the Statistics Explained article [Statistics on small and medium-sized enterprises](#)

Table 1 below presents the number of enterprises, turnover and employment aggregated result of the 2016 MDL project on enterprises with fewer than 250 persons employed for the 11 participating Member States (Bulgaria, Denmark, Estonia, Croatia, Italy, Latvia, the Netherlands, Portugal, Romania, Finland and Sweden). The majority of these enterprises are independent (93.6 %). In these 11 Member States, only about 500 000 (6.4 %) of the enterprises with fewer than 250 persons employed are dependent (i.e. belong to a domestic or international group). However, these dependent enterprises have a disproportionately large contribution to turnover and employment: they account for more than half of the turnover (52.4 %) and about a quarter of the employment. The 2016 MDL project also provided a further split of the dependent enterprises: if the number of persons employed by the entire group exceeds the threshold of 250 persons employed, then the dependent enterprise should be regarded as a large enterprise following SME definition. Those cases are grouped separately (dependent - in group of 250 or more persons).

Enterprises with fewer than 250 persons employed by type, 2015

Type	Enterprises		Turnover (m €)		Persons employed	
	total	(%)	total	(%)	total	(%)
Independent	7 308 321	93.6	:	47.6	:	74.9
Dependent	497 762	6.4	:	52.4	:	25.1
In group of < 250 persons	334 798	4.3	:	15.3	:	10.6
In group of 250 or more persons	34 307	0.4	:	13.4	:	4.8
In international group	128 650	1.6	:	23.6	:	9.7

(:) not available

Note: aggregate over the 11 member states that participated in the 2016 microdata linking project (Bulgaria, Denmark, Estonia, Croatia, Italy, Latvia, the Netherlands, Portugal, Romania, Finland and Sweden)

Source: Eurostat



Table 1: Enterprises with fewer than 250 persons employed by type, 2015 Source: Eurostat (sbs_sc_sca_r2)

Most of the dependent enterprises (about 335 000 enterprises or 4.3 % of the total number) belong to a group which employs fewer than 250 people. Therefore, these enterprises may still be considered as SMEs. About 34 000 dependent enterprises (0.4 % of the total) belong to a group which employs more than 250 people. Therefore, these enterprises are in fact large enterprises; they account for 13.4 % of the total turnover and about 5 % of the total employment. The last group of dependent enterprises (about 129 000 enterprises or 1.6 % of the total) are those belonging to international groups. As shown in Table I, these enterprises had a substantial importance in terms of turnover (23.6 %) or persons employed (9.7 %).

Source data for tables and graphs

- [Download Excel file](#)

Data sources

The data used in this article comes from five different sources:

1. [Structural Business Statistics \(SBS\)](#) ,
2. [Business demography \(BD\)](#) ,
3. [International trade in goods by enterprise characteristics \(TEC\)](#) and
4. [Services trade by enterprise characteristics \(STEC\)](#) .

Data for some countries are missing due to data not being available or confidentiality reasons. Only countries for which data are available are shown in the figures of the article.

Context

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy, providing the majority of all new jobs. The [European Commission](#) aims to promote entrepreneurship and improve the business environment for SMEs to allow them to realise their full potential in today's global economy. COSME, the [EU](#) programme for the [Competitiveness of Small and Medium-sized Enterprises](#) is running from 2014 to 2020, with a planned budget of EUR 2.3 billion.

In recognition of the importance of the issue, the [Organisation for economic co-operation and development \(OECD\)](#) and Eurostat are collaborating in the joint [Entrepreneurship Indicators Programme \(EIP\)](#) and, in this context, have taken steps to improve policy-relevant measurement of entrepreneurial activity.

Other articles

- [Business demography statistics](#)
- [Innovation statistics](#)
- [International trade in goods by enterprise size](#)

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Publications

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Methodology

- [Structural business statistics - metadata](#)
- [Business demography - metadata](#)
- [Community innovation survey - metadata](#)
- [Trade by enterprise characteristics - metadata](#)

External links

- [Entrepreneurship and Small and medium-sized enterprises \(SMEs\) - European Commission - DG Growth](#)
- [Eurostat-OECD Entrepreneurship Indicators Programme \(EIP\)](#)
- [OECD - Entrepreneurship and business statistics](#)
- [OECD - Entrepreneurship at a glance 2018](#)

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