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

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 2017 they made up the vast majority of enterprises in the EU-27, ranging from 97% in Germany, and 95% in the EFTA country Switzerland, to 98% and above in the remaining EU Member States (only countries for which data are available are shown in the figures in this article). By contrast, large enterprises, with 250 or more persons employed account for 0.5% or less of all enterprises in all the EU Member States. Medium-sized enterprises, which employ between 50 and 249 persons, are generally more predominant in countries with a greater proportion of large enterprises.

![Figure 1: Distribution of number of enterprises by size class, 2017 (persons employed) Source: Eurostat (sbs_sc_sca_r2)](https://ec.europa.eu/eurostat/statisticsexplained/)
The distribution of total employment across small, medium-sized and large enterprises is shown in Figure 2. In 2017, small enterprises typically accounted for between 40% and 60% of total employment. Italy at the higher end had 66% of employment in small enterprises, while the same share in France at the lower end was 41%. Looking at Figures 1 and 2 together, small and medium-sized enterprises typically account for 99.5% or more of enterprises but account for roughly two thirds of total employment.

![Distribution of employment by enterprise size class, 2017 (%)](sbs_sc_sca_r2)

Figure 2: Distribution of employment by enterprise size class, 2017 (%) Source: Eurostat (sbs_sc_sca_r2)

The distribution of value added by size class in 2017 is shown in Figure 3. Small enterprises generally account for around 35% to 50% of the total value added. However, the lowest shares of value added by small enterprises are found in Ireland (27%), Poland (30%), Germany (34%), Romania (35%) and Czechia (35%); the highest share is found in Malta (60%).

![Distribution of value added by enterprise size class, 2017 (%)](sbs_sc_sca_r2)

Figure 3: Distribution of value added by enterprise size class, 2017 (%) 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.
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 2017. It clearly indicates that the five-year-old enterprises operating in 2017 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. This observed pattern is valid for all countries.

The average employment of the population of five-year-old enterprises still operating in 2017 was the lowest (fewer than 2 persons) in Sweden and Czechia. On the other hand, the highest average employment of five-year-old enterprises was recorded for Romania and Croatia, where these enterprises accounted for an average of 4.6 persons employed in the business sector.
Figure 5: Average persons employed in the enterprises survived the past 2 and 5 years (persons employed), 2017 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 Finland, Germany and Croatia - 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 4 % of all persons employed in the business sector. The lowest share for these young enterprise groups was recorded for Germany, followed by Denmark and Finland as well as the EFTA country Norway, where these enterprises accounted for a share of between 1 % and 2 %. At the other end, Latvia, Bulgaria and Romania recorded the highest employment contribution of these groups, around 4 % to 5 %.
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 micro or small enterprises and therefore close to the concept of entrepreneurship. 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.
The overall contribution of high growth enterprises to employment is considerable, as shown in Figure 7. The range varies from as low as below 8% in Romania to as high as just under 25% in Ireland (24.7%) and Portugal (23.1%). 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, Cyprus and Poland are above this, and Croatia, Romania, Luxembourg, Czechia, Malta and Ireland 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 (95%), followed by the Netherlands, Estonia and Italy (each 94%), while the lowest shares were recorded in Luxembourg (77%) and Czechia (71%).
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 Cyprus and Latvia, with shares of around 22%; at the other end Ireland showed a low export share of less than 5% for micro enterprises.

**Source data for tables and graphs**

- Download Excel file

**Data sources**

The data used is 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) 

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

**Database**

- Structural business statistics
- International trade
- Science and technology

**Dedicated section**

- Dedicated section entrepreneurship indicators

**Publications**

Entrepreneurship determinants: culture and capabilities

**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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