

*Data from December 2018
Planned update: January 2020*

This article presents statistical data on [business demography](#) in the [European Union \(EU\)](#) , treating aspects such as the total number of [active enterprises](#) in the [business economy](#) , their [birth rates](#) , and the [survival rate](#) . In the business demography domain, the [business economy](#) covers sections B to N, excluding activities of holding companies – K64.2 ([NACE Rev.2](#)).

General overview

In 2016, the [EU-28](#) 's business economy was made up of almost 27 million active enterprises with some 150 million persons employed. The largest active enterprise population was registered in Italy (3.8 million), followed by France (3.6 million), Spain (3.0 million), Germany (2.8 million) and the United Kingdom (2.5 million). The services sector was dominant in every country, as measured by the highest proportion of active enterprises.

There were about 4.0 million jobs created from 2.6 million newly born enterprises, based on the final 2016 data. The proportion of newly-born enterprises in 2016 compared to 2015 increased by 3.5 % or by some 90 000 enterprises. The one-year survival rate for enterprises created in 2015 was more than 80 %. The highest shares of high-growth enterprises in 2016 were reported in Ireland, Malta and Spain.

Active enterprises in the business economy

This section provides an overview of the business enterprise population. It is based on aggregated data for industry (Sections B to E), construction (Section F) and services (Sections G to N, excluding activities of holding companies – K64.2), according to NACE Rev. 2. In 2016, looking at EU level, three quarters (75.9 %) of all enterprises active in the business economy (NACE Rev. 2 Sections B to N, excluding K64.2) were within the services sector, providing work for about two thirds of the total number of persons employed (see Figures 1 and 2). Services accounted for between 64.5 % of the number of all enterprises in the business economy in Czechia and 85.6 % of the total in Luxembourg. In terms of its contribution to employment, the services sector accounted for 52.5 % of the workforce in Czechia, while the Netherlands had the highest share - 79.5 %.

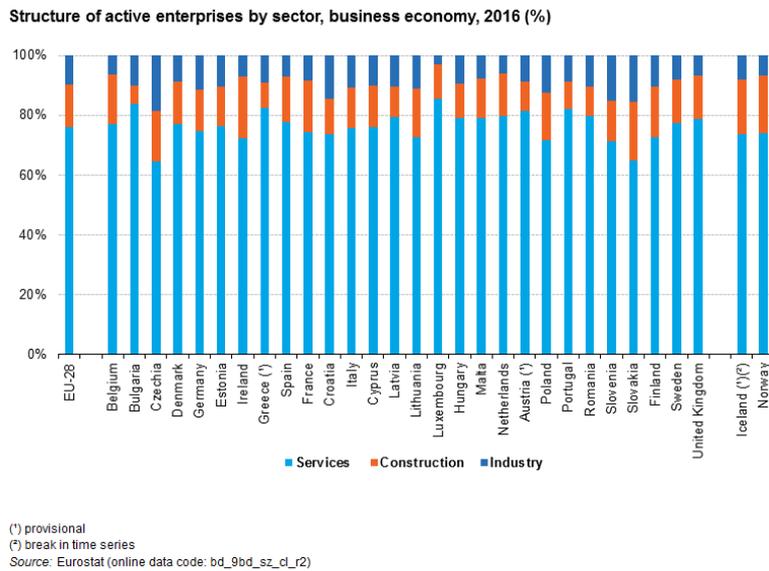


Figure 1: Structure of active enterprises by sector, business economy, 2016 (%)Source: Eurostat (bd_9bd_sz_cl_r2)

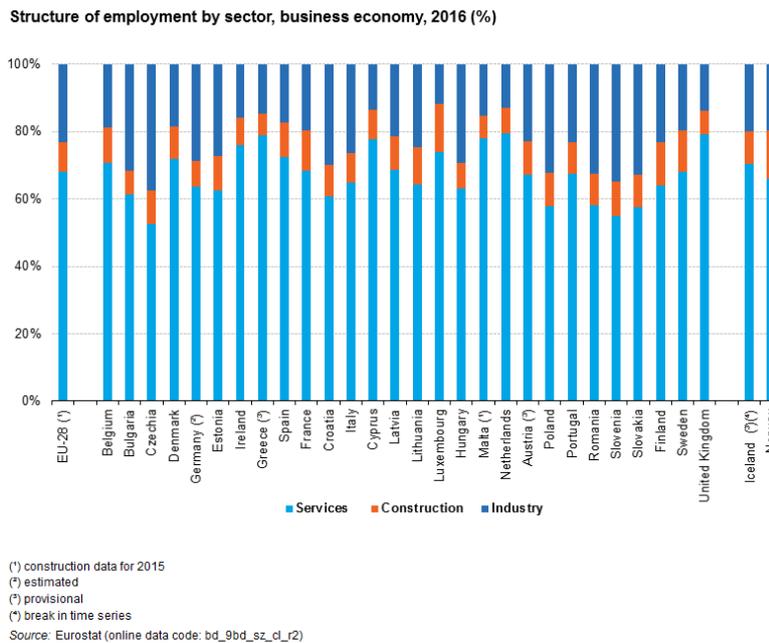


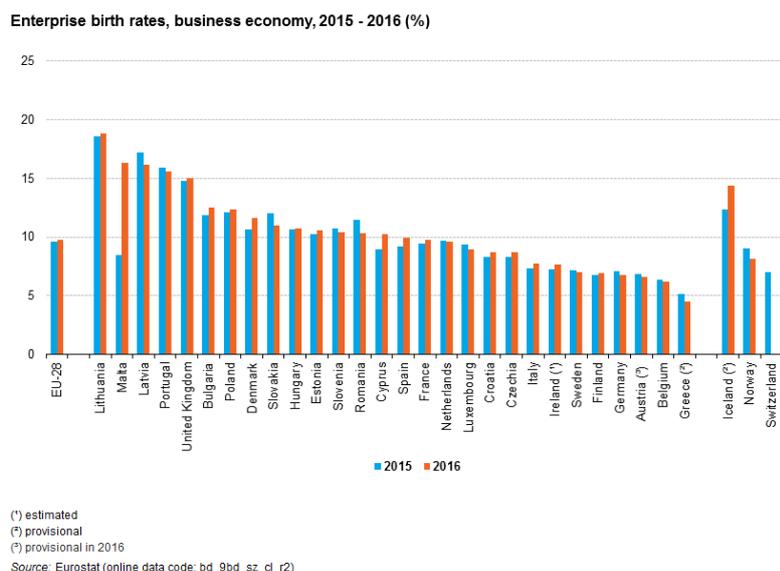
Figure 2: Structure of employment by sector, business economy, 2016 (%)Source: Eurostat (bd_9bd_sz_cl_r2)

By contrast, only 9.7 % of active enterprises in the EU were found in industry, even though these enterprises provided work for over 34 million persons employed. The average size of industrial enterprises (as measured in terms of the number of persons employed) was considerably higher in industry than for services. Indeed, industrial enterprises employed 13 persons on average across the 28 Member States, compared to an average of five persons for services. The average number of persons employed in construction was the lowest - three persons per enterprise.

Birth rate

The birth of new enterprises is often seen as one of the key determinants of job creation and economic growth. Enterprise births are thought to increase the competitiveness of a country's enterprise population, by obliging them to become more efficient in view of newly emerging competition. As such, they stimulate innovation and facilitate the adoption of new technologies, while helping to increase overall productivity within an economy.

Looking at birth rates in the EU (based on data available for 28 Member States), the number of newly born enterprises as a proportion of the total number of active enterprises increased somewhat in 2016 compared with 2015. The birth rates ranged from 4.5 % in Greece to 18.8 % in Lithuania, while staying close to the EU 2016 average in Spain, France and the Netherlands. The birth rate was low in Greece, Belgium and Austria for 2015 and 2016. At the other end of the scale, high birth rates for both years were recorded in Latvia, Lithuania and Portugal. The comparison of the two years reveals that the birth rate has increased in 16 of the Member States and decreased in 12 Member States (Figure 3).



eurostat

Figure 3: Enterprise birth rates, business economy, 2015 - 2016 (%) Source: Eurostat (bd_9bd_sz_cl_r2)

While the study of enterprise birth rates provides useful information on the dynamism in the economy, the effect on the labour market is an important aspect, as an indicator of the potential job creations. Figure 4 shows the share of newly born enterprises in total employment of active enterprises, in terms of number of persons employed. In the total business economy in 2016, the employment share ranges from 1.2 % (Germany) to 5.1 % (Portugal). Portugal is the only country that had a share above 5 % in 2015 and 2016, whereas relatively low shares were recorded for both years in Finland, the Netherlands and Germany.

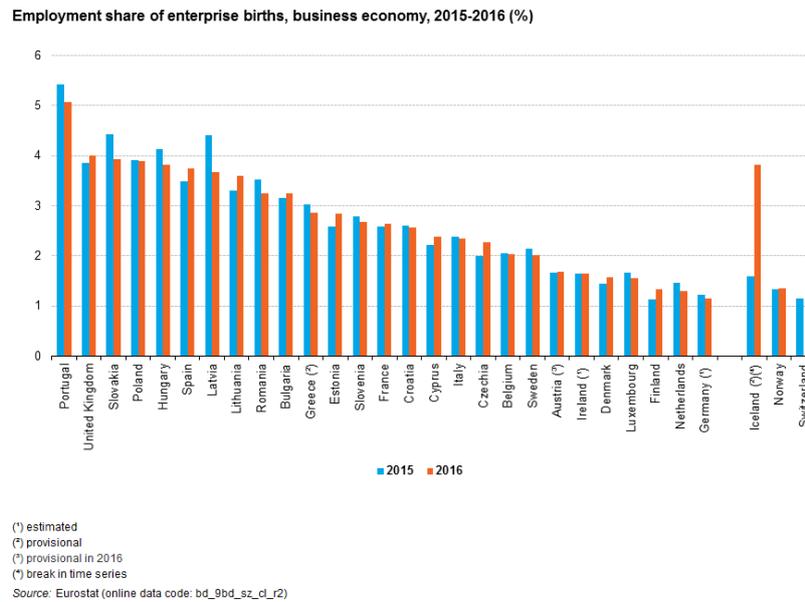


Figure 4: Employment share of enterprise births, business economy, 2015-2016 (%) Source: Eurostat (bd_9bd_sz_cl_r2)

The data show that those countries with relatively low/high birth rates also tended to report relatively low/high employment share.

Enterprise survival rate

The aim here is to present information about the life cycle of newly born enterprises and the ability to survive up to five years after their creation. Business demography 2011 data collection enabled the tracking of newly born enterprises over a five-year period, tracing how many of them have survived during that period. Figure 5 shows the one, three and five-year survival rates of enterprises in 2016.

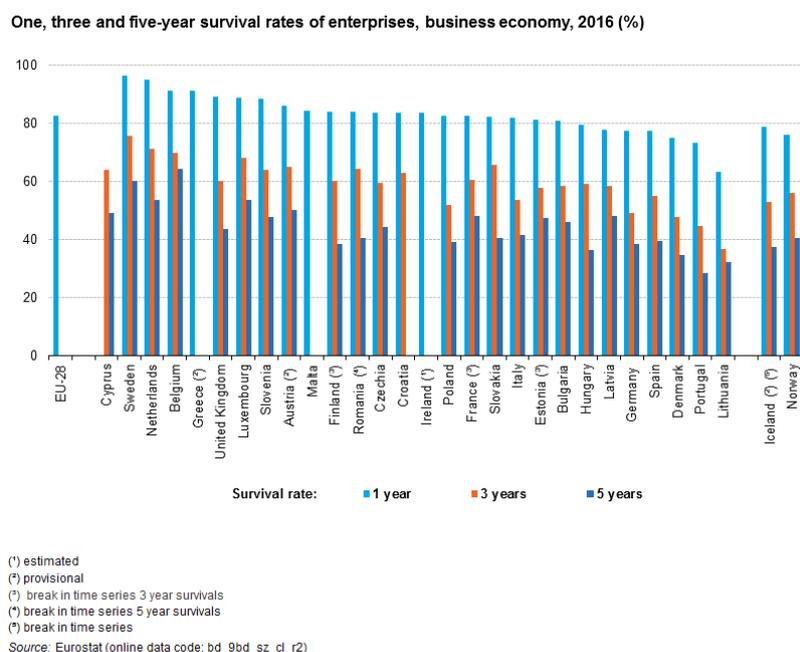
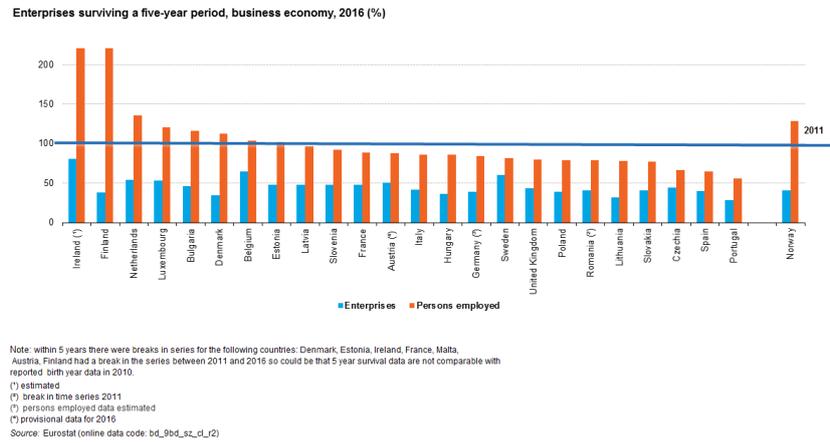


Figure 5: One, three and five-year survival rates of enterprises, business economy, 2016 (%)Source: Eurostat (bd_9bd_sz_cl_r2)

Looking at the enterprises' one-year survival rate it appears that, for the business economy, about 80 % of the enterprises born in 2015 had survived in 2016. The highest one-year survival rates were recorded for the Swedish business economy – 96.7 % and were also above 90 % in the Netherlands, Belgium and Greece. The lowest rates were reported in Lithuania at 63.4 % and Portugal 73.3 %.

Subsequently, year-on-year survival rates posted a gradual fall in the majority of the countries. Actually, the five-year survival rate of enterprises born in 2011 and still active in 2016 shows that typically less than half of them survive for a five - year period. Enterprises born in 2011 in Belgium and Sweden were most likely to survive up to the fifth year after their birth, while Portugal ran the greatest risk of non-survival. In principal, non-survivals may be due to actual deaths, indicating the deterioration of business environment, but also due to [break-ups](#) or [mergers](#) .

Given that the survival rates logically decrease over 5 years in all countries for which data were available, it is still interesting to look at the employment changes in a five-year time frame. For each country in Figure 6, the second bar shows the change in employment. In only nine countries (Ireland, Finland, the Netherlands, Luxembourg, Bulgaria, Denmark, Belgium and Estonia, along with Norway) did employment in those enterprises that survived for five years increase. The largest decrease was noted in Portugal followed by Spain and Czechia.



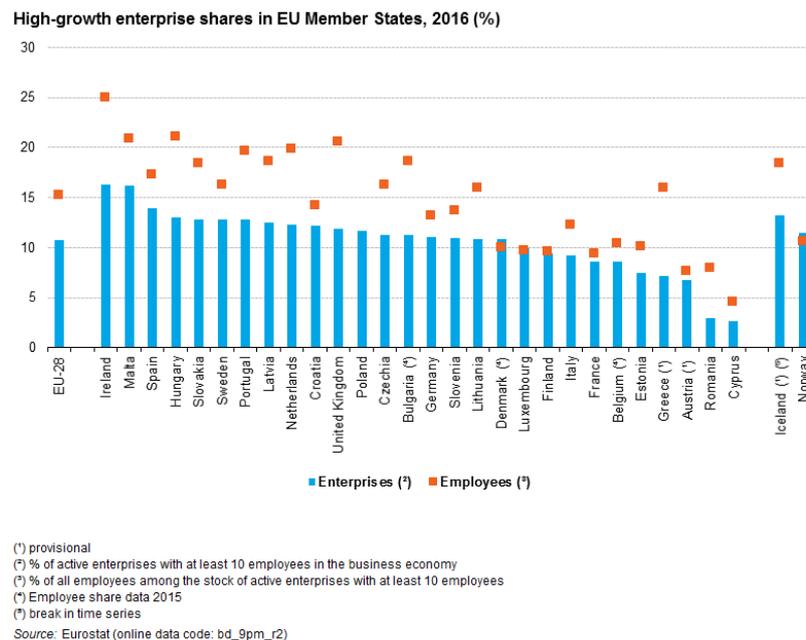
eurostat

Figure 6: Enterprises surviving a five-year period, business economy, 2016 (%) Source: Eurostat (bd_9bd_sz_cl_r2)

High growth enterprises

High growth enterprises (growth in employment by 10% or more) play an important role in the contribution to economic growth and the creation of jobs. In 2016, around 177 000 companies, or more than a tenth (10.7 %) of all active enterprises with at least ten employees in the EU-28 's business economy were recognised as high-growth enterprises, providing work for 15.2 million employees, well above the 13.5 million recorded for 2015.

In 2016, considerable variations were observed across EU Member States in the distribution of high-growth enterprises (Figure 7). The shares ranged from over 16 % in Ireland and Malta to less than 3 % in Romania and Cyprus.



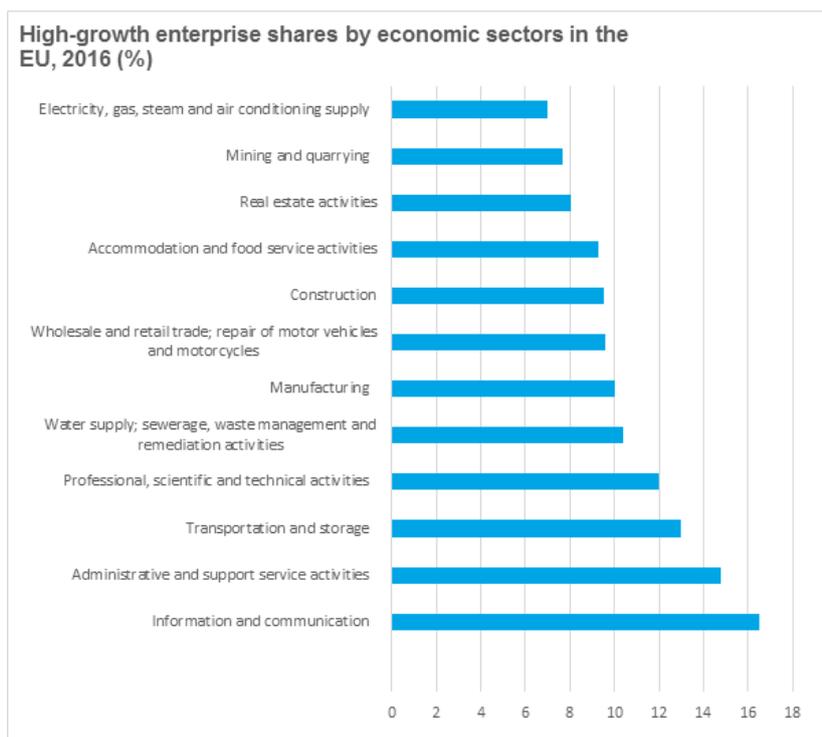
eurostat

Figure 7: High-growth enterprise shares in EU Member States, 2016 (%) Source: Eurostat (bd_9pm_r2)

High-growing enterprises have a noteworthy impact on employment. In 2016, the highest contributions to the total number of employees with more than 20 % were recorded in Ireland, Hungary, Malta and United Kingdom.

In contrast, the lowest shares in 2016 were registered by Cyprus (4.5 %), Austria (7.6 %) and Romania (7.9 %).

Although high-growth enterprises operate in all sectors of the business economy across the EU, their share in the services is higher in the majority of Member States. Looking at a breakdown by economic activity (Figure 8), high-growth enterprises in 2016 were more predominant in the service sectors, with the highest proportion in "Information and communication" (16.5 %), followed by "Administrative and support service activities" (14.8 %), "Transportation and storage" (13.0 %) and "Professional, scientific and technical activities" (12.0 %). The first industrial sector in terms of proportions of high-growth enterprises was "Water supply; sewerage, waste management and remediation activities" and the last with the lowest overall figures was "Electricity, gas, steam and air conditioning supply".



Note: Nace Rev. 2, data on section K - "Financial and insurance activities" are not available
 Source: Eurostat (online data code: bd_9pm_r2)



Figure 8: High-growth enterprise shares by economic sectors in the EU, 2016 (%) Source: Eurostat (bd_9pm_r2)

Source data for tables and graphs

- [Business demography statistics: tables and figures](#)

Data sources

Business demography data has been collected on a voluntary basis since 2002.

With the adoption of the recast SBS Regulation, business demography data collection has become part of the regular annual collection of structural business statistics. After the recently adopted amendments, [employer business demography](#) and [high growth enterprises](#) (growth by 10% or more) are also compiled regularly each year.

Annex IX of the recast structural business statistics Regulation provides a detailed module for the collection of statistics on business demography. It requires the national statistical institutes (NSIs) to produce statistics on enterprise births, deaths and survival, using common definitions and methodology, which should ensure greater

comparability in this field of statistics from the reference year 2008 onwards. Note that up to 2007, the statistics presented for this subject have been produced and provided by most of the NSIs on the basis of informal, gentlemen's agreements.

Context

Business demography is an important subject for policy-maker discussions about increasing the level of employment, since it is one of the main priorities of the EU growth strategy.

Enterprise demography reflects, to some degree, the dynamism of the EU economy through the adaptation of economic structures to changing market conditions. The potential contribution that enterprise creation can make to employment is also one of the most important aspects drawing the attention of policy makers to the subject of enterprise demography. In this context, enterprise creation can be seen as an indicator of [competitiveness](#) , as a factor of economic growth and as a vital means of creating jobs.

Business demography provides information for births, deaths and survival rates of enterprises, as well as information on related employment data. The two main measures used for employment are the number of [persons employed](#) and the number of employees.

The demography of the business population is represented by data on:

- the [active population of enterprises](#) ;
- their [birth](#) ;
- their [survival](#) (followed up to five years after birth);
- their [death](#) .

Particular attention is paid to the impact that these demographic events have on employment levels. Business demography data can be used to analyse the dynamics and innovation of different markets, such as:

- entrepreneurship in terms of the propensity to start a new business, such as analysed in the joint OECD/Eurostat Entrepreneurship Indicators Programme;
- how newly-born enterprises can contribute to the creation of jobs.

Other articles

- [Structural business statistics](#) - theme entry page
- [Structural business statistics introduced](#) - background article
- [Structural business statistics at regional level](#) see chapter 'Enterprise demography: births, deaths and survival'

Main tables

- [Structural business statistics \(t_sbs\) \(New SBS presentation\)](#) , see:

Business demography statistics - all activities (t_bd)

Business demography (tsier150)

Database

- [Structural business statistics \(sbs\) \(New activity classification \(NACE Rev. 2\)\)](#) , see:

Business demography statistics - all activities (bd)

Dedicated section

- [Structural business statistics](#)

Publications

- [Press-release 26 October 2016](#) - Almost 1 in 10 enterprises in the EU recognised as high-growth companies
- [Business demography \(1997-2001\)](#) - Detailed Tables - 09/2004
- [Business demography: employment and survival](#) - Statistics in focus 70/2009
- [Business demography: growth in the population of enterprises](#) - Statistics in focus 48/2007
- [Business demography in Europe: employers and job creation](#) - Statistics in focus 100/2008
- [Business demography in Europe - results from 1997 to 2002](#) - Statistics in focus 36/2005
- [Business demography: the impact on employment](#) - Statistics in focus 49/2007

Methodology

- [Business demography statistics - all activities](#) (ESMS metadata file — bd_esms)
- [Eurostat-OECD Manual on Business Demography Statistics](#)

External links

- [European Commission - Enterprise and Industry - Small and medium-sized enterprises \(SMEs\) - Promoting Entrepreneurship](#)