

Business demography statistics

Statistics Explained

Data from November 2017. Most recent data: Further Eurostat information, Main tables and Database .
Planned update: December 2018.

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** , **death 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**).

In 2015, the **EU-28** 's business economy was made up of more than 26 million active enterprises with some 144 million persons employed. The largest active enterprise population was registered in Italy (3.8 million), followed by France (3.5 million), Spain (3.0 million), Germany (2.8 million) and the United Kingdom (2.3 million). The services sector was dominant in every country, as measured by the highest proportion of active enterprises.

There were about 3.9 million jobs created from 2.6 million newly born enterprises, based on the final 2015 data, while the preliminary results show 3.4 million job losses as a consequence of 2.2 million business deaths. The proportion of newly-born enterprises in 2015 compared to 2014 decreased by 0.8 % or by some 20 000 enterprises. In 2014 there were more enterprise births than deaths, both at EU level and in the majority of Member States. The one-year survival rate for enterprises created in 2014 was more than 80 %. The highest shares of high-growth enterprises in 2015 were reported in Ireland, Malta and Hungary.

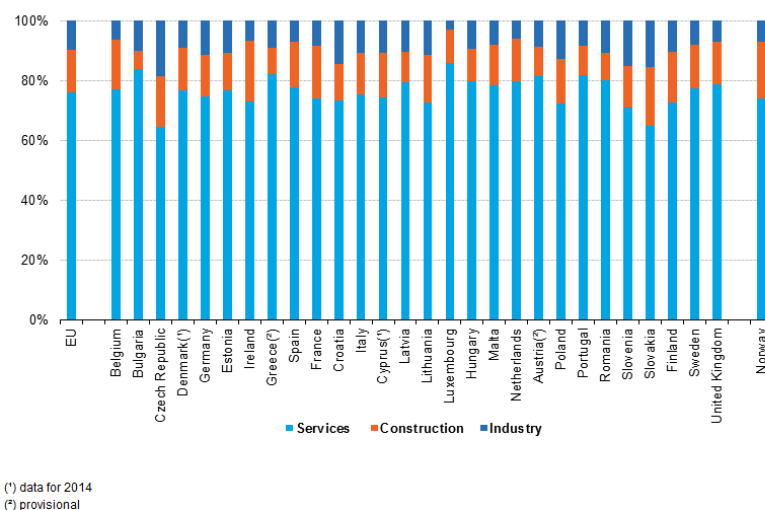


Figure 1: Structure of active enterprises by sector, business economy, 2015 (%)Source: Eurostat (bd9bszclr2)

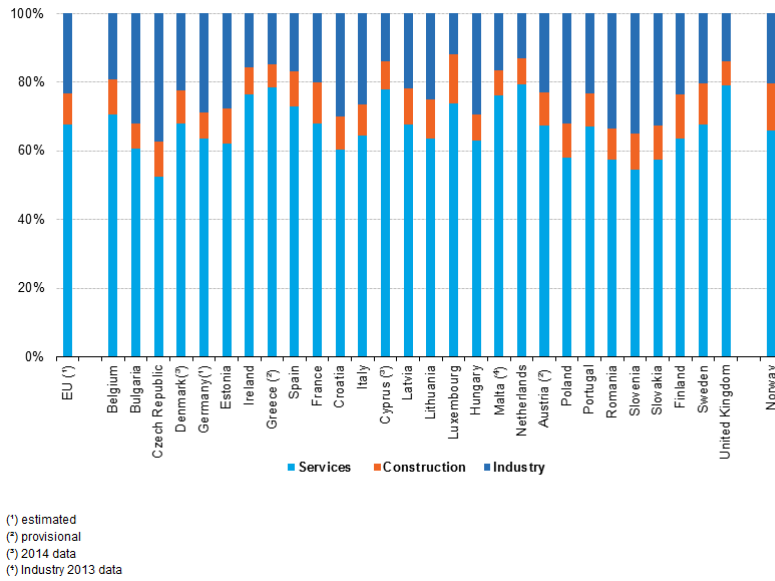


Figure 2: Structure of employment by sector, business economy, 2015 (%) Source: Eurostat (bd9bszclr2)

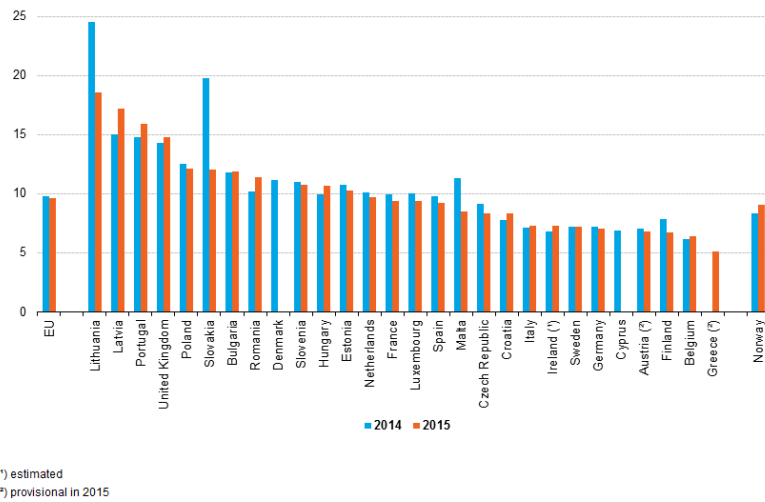
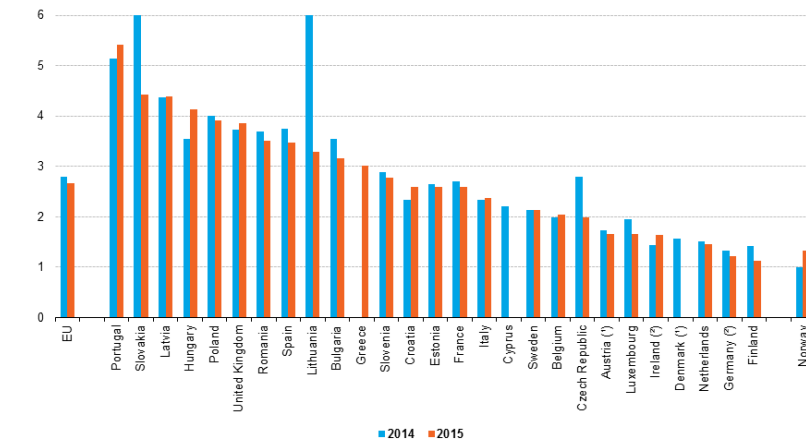
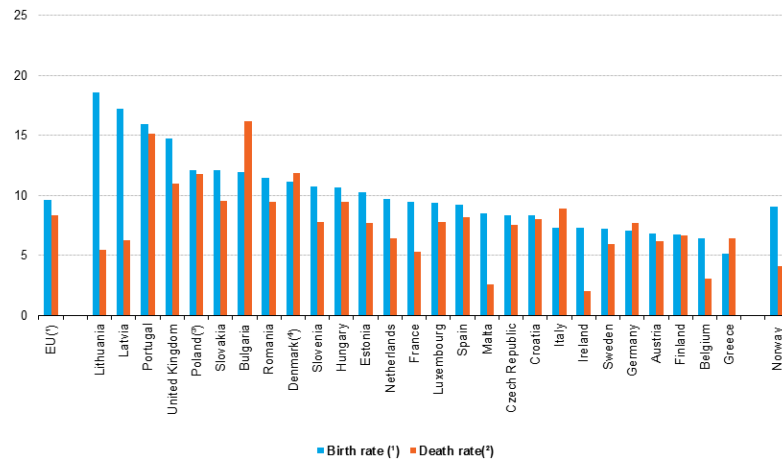


Figure 3: Enterprise birth rates, business economy, 2014 - 2015 (%) Source: Eurostat (bd9bszclr2)



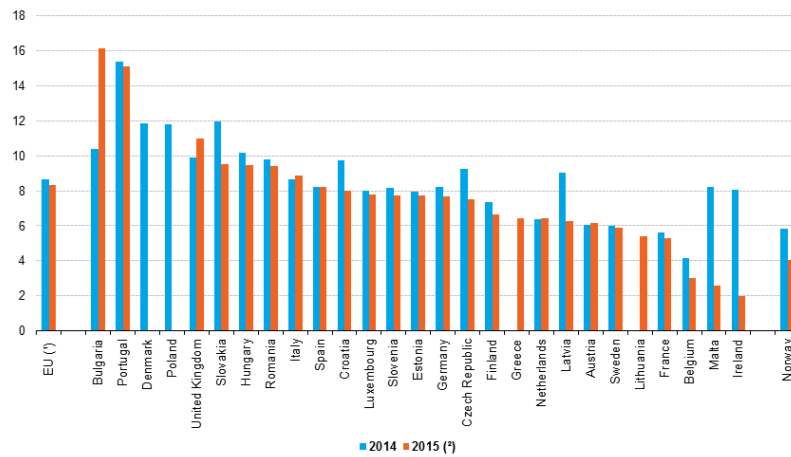
(*) provisional data, 2015 for Austria
 (*) estimated

Figure 4: Employment share of enterprise births, business economy, 2014-2015 (%) Source: Eurostat (bd9bszclr2)



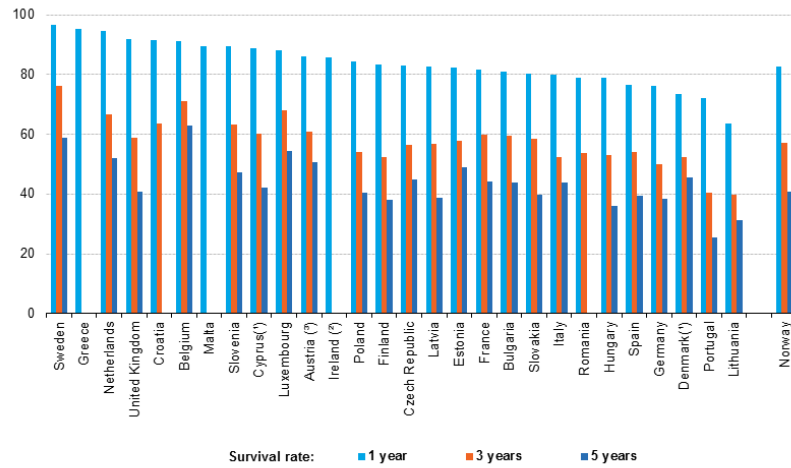
(*) Estimated for IE, provisional for AT, GR
 (*) Provisional
 (*) death data 2014
 (*) data for 2014

Figure 5: Enterprise birth and death rates, business economy, 2014 (%) Source: Eurostat (bd9bszclr2)



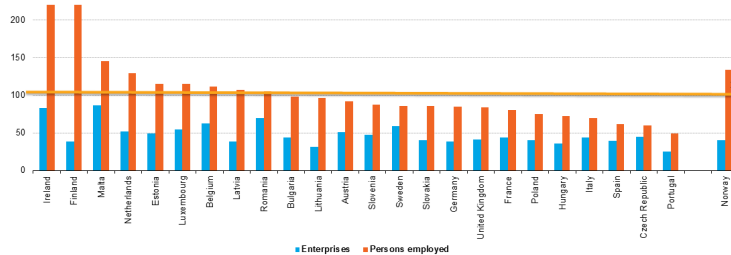
(*) estimated data
 (†) preliminary data

Figure 6: Trend of enterprise death rates, business economy, 2014-2015 (%) Source: Eurostat (bd9bszclr2)



(*) Data for 2014
 (†) Estimated
 (‡) Provisional

Figure 7: One, three and five-year survival rates of enterprises, business economy, 2015 (%) Source: Eurostat (bd9bszclr2)



Note: not available data of Denmark, Greece, Croatia and Cyprus within 5 years there were breaks in series for the following countries: Finland, Malta, Estonia, Romania, Austria, France, so could be that 5 year survival data are not comparable with reported birth year data in 2010.

Figure 8: Enterprises surviving a five-year period, business economy, 2015 (%) Source: Eurostat (bd9bszclr2)

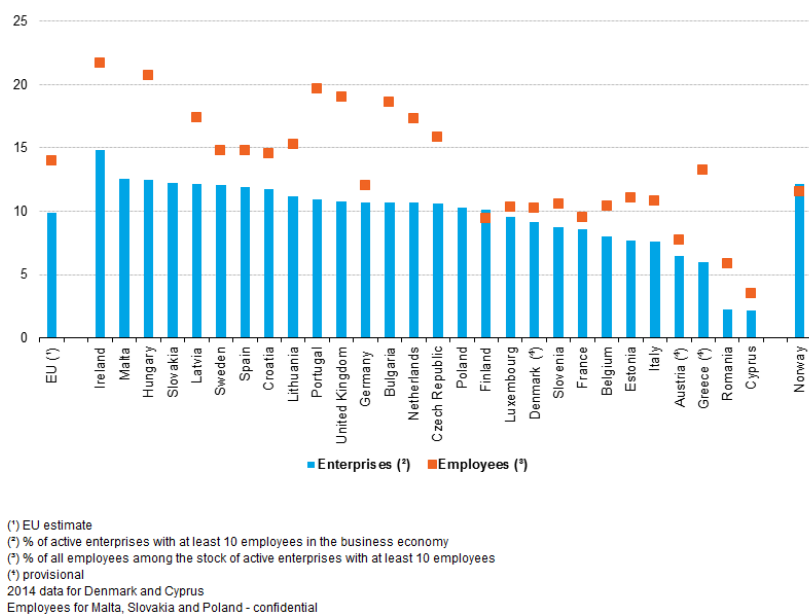


Figure 9: High-growth enterprise shares in EU Member States, 2015 (%) Source: Eurostat (bd9pmr2)

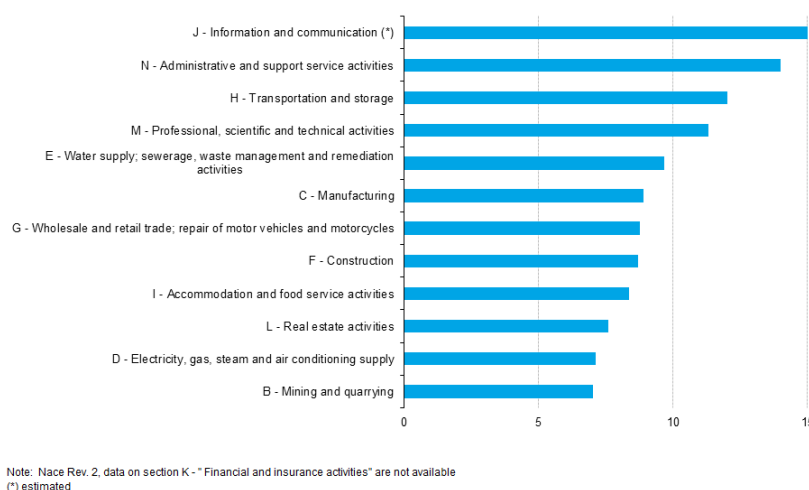


Figure 10: High-growth enterprise shares by economic sectors in the EU, 2015 (%) Source: Eurostat (bd9pmr2)

Main statistical findings

Active enterprises in the business economy

This section provides a general 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. The EU aggregates were calculated from 26 Member States for which 2015 data were delivered to Eurostat plus estimates of missing data for Denmark and Cyprus. In 2015, looking at the EU level, three quarters (75.8 %) of all active in the business economy enterprises (NACE Rev. 2 Sections B to N, excluding K64.2) were within the services sector, providing work for 67.7 % 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 Czech Republic and 85.7 % of the total in Luxembourg. In terms of its contribution to employment, the services sector accounted for 52.6 % of the workforce in Czech Republic, while the Netherlands had the highest share - 79.2 %.

By contrast, only 9.8 % of active enterprises in the EU were found in industry, even though these enter-

prises provided work for 23.5 % of the total number of persons employed. The difference between these shares provides evidence that the average size of industrial enterprises (as measured in terms of the number of persons employed) was considerably higher 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 decreased somewhat in 2015 compared with 2014. The birth rates ranged from 5.1 % in Greece to 18.5 % in Lithuania and close to the EU average in 2015 stayed France and the Netherlands. The birth rate was low in Belgium, Finland and Austria for 2014 and 2015. At the other end of the scale, high birth rates for both years were recorded in Latvia and Lithuania. The comparison of the two years reveals a steep decrease in Slovakia, Malta and Lithuania, though Lithuania recorded the highest birth rate in 2015. Latvia and Romania posted the opposite trend, recording the highest increases out of all countries (Figure 3).

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 2015, the employment share ranges from 1.1 % (Finland) to 5.4 % (Portugal). Portugal is the only country that had a share above 5 % in 2015 and 2014, whereas low shares were recorded for both years in Finland and Germany. The EU average employment birth rates decreased slightly in 2015 compared to 2014.

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

Death rate

From a theoretical point of view, enterprise birth is related to the expectation of making a profit. If the main objective of newly born enterprises is to make a profit, enterprise births are most likely to occur where profits are consistently high, whereas among loss-making activities, enterprise deaths will be relatively more frequent.

Figure 5 shows that in 2014 there were more enterprise births than deaths looking at the EU average, and also in eighteen Member States for which final data were available. The average enterprise birth rate for the business economy in 2014 amounted to 9.8 %, while the average death rate for EU countries was 8.7 %. The highest differences were reported in Slovakia, Latvia and Lithuania, where the birth rates were significantly greater than death rates.

Looking at the trend of preliminary death rates in 2015 compared to the final ones in 2014, (although in many countries only provisional, due to impossible checks of reactivations at the time of reporting the data), an average decrease of 4 % was to be expected (Figure 6). Enterprise death rate was likely to decline in 18 of the Member States; this fall was most significant in Malta and Ireland. Although the situation was set to remain fairly stable in several countries, the enterprise death rate was expected to increase slightly in Italy, the Netherlands and Austria, with the biggest rise in Bulgaria and the United Kingdom.

Enterprise survival rate

The aim 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 2010 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 7 shows the rates of one, three and five-year survival enterprises in 2015.

Looking at the enterprises' one-year survival rate it appears that, for the business economy, about 80 % of the enterprises born in 2014 had survived in 2015. The highest one-year survival rates were recorded for the Swedish business economy – 96.7 % and were also above 90 % in Greece, the Netherlands, the United Kingdom, Croatia and Belgium. The lowest rates were reported in Lithuania at 63.5 % and Portugal 72.2 %.

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 2010 and still active in 2015 shows that typically less than half of them survive for a five - year period. Enterprises born in 2010 in Belgium, Sweden, Luxembourg and the Netherlands 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 8, the second bar shows the change in employment. In only ten countries (Ireland, Finland, Malta, Norway, the Netherlands, Estonia, Luxembourg, Belgium, Latvia and Romania) did employment in those enterprises that survived for five years increase. The largest decrease was noted in Portugal followed by the Czech Republic, Spain and Italy.

High growth enterprises

[High growth enterprises](#) (growth in employment by 10% or more) play an important role in contribution to the economic growth and the creation of jobs. In 2015, around 158 000 companies, or almost a tenth (9.9 %) of all active enterprises with at least ten employees in the [EU-28](#) 's business economy were recognized as high-growth enterprises, providing work for 13.6 million employees, well above the 12.2 million recorded for 2014.

In 2015, considerable variations were observed across EU Member States in the distribution of high-growth enterprises (Figure 9). The shares ranging from 15 % in Ireland followed by Malta, Hungary and Slovakia, to less than 3 % in Romania and Cyprus.

High-growing enterprises have a noteworthy impact on employment. In 2015, the highest contributions to the total number of employees with more than 20 % were recorded in Ireland and Hungary. In contrast, the lowest shares were registered in 2015 by Romania (5.9 %) and Austria (7.8 %).

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 in Figure 10, high-growth enterprises in 2015 were more predominant in the service sectors, with highest proportion in the "Information and communication" (15.3 %), followed by "Administrative and support service activities" (14.0 %), "Transportation and storage" (12.0 %) and "Professional, scientific and technical activities" (11.3 %). 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 "Mining and quarrying".

Data sources and availability

Business demography data has been collected on a voluntary basis since 2002. This publication is based on data from 29 countries.

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 as well 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.

See also

- [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'

Further Eurostat information

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

Main tables

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

Business demography statistics - all activities (tbd)

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](#)

Methodology / Metadata

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

External links

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