

Results of the First Round of Empirical Data Collected under the EIP

In the first stage, data collection focused mainly on indicators of entrepreneurial performance in terms of firms, employment, turnover, value added and exports. The list of entrepreneurial performance indicators (Figure 2) includes a number of measures, each of which targets, to varying degrees, different aspects of entrepreneurship and different types of entrepreneurs. For example, while the list includes the rate of business ownership in an economy, including the self-employed, high priority is also placed on measuring the creation of firms with employees, the number of high-growth firms, and the number of young, high-growth firms (gazelles). One might view these indicators as reflecting the evolution of entrepreneurship on a scale of economic importance: high-growth firms require the creation of a firm, typically with employees, and many firms with employees started out initially as individual traders.

Figure 2. Core indicators of entrepreneurial performance

Entrepreneurial performance		
Firm-based	Employment-based	Other
Employer firm birth rate	High-growth firm rate by employment	High-growth firm rate by turnover
Employer firm death rate	Gazelle rate by employment	Gazelle rate by turnover
Business churn	Ownership rate start-ups	Value added by young firms
Net business population growth	Ownership rate business population	Productivity contribution, young firms
Survival rate at 3 and 5 years	Employment in 3 and 5 year old firms	Innovation performance, young or small firms
Proportion 3 and 5 year survival	Average firm size after 3 and 5 years	Export performance, small firms

Table 1 (page 26) gives an overview of the availability of the different indicators in different countries. In what follows, the definition and the comparability of the most important indicators are discussed together with the main observations. Indicators have been grouped into sections in order to facilitate the discussion.

Section A, “Structural indicators on enterprise population”, sketches the importance of different size classes in terms of enterprises, employment, value added and exports. These indicators can be considered the result of past entrepreneurship, but they also determine the opportunities and boundaries of present and future entrepreneurship.

- A.1. Number of enterprises by size class
- A.2. Employment by size class
- A.3. Value added by size classes
- A.4. Export by size class

Section B, “Entrepreneurial performance”, presents many of the core indicators listed in Figure 2. It shows the entrepreneurial performance of various countries as reflected in different measures of entrepreneurship, notably those relating to high-growth firms and gazelles. Other manifestations of performance are also displayed, such as birth, death and survival rates of employer firms.³ As these are the EIP’s first round results, the information only concerns one year; in future years, it will be possible to include longitudinal analyses of entrepreneurial performance.

- B.5. Birth rates of employer firms
- B.6. Death rates of employer firms
- B.7. Survival rates of employer firms – one year
- B.8. Share of 1 year old employer firms in population
- B.9. Importance of high growth firms – employment
- B.10. Importance of high growth firms – turnover
- B.11. Importance of gazelles – employment
- B.12. Importance of gazelles – turnover

Section C, “Determinants and impacts of entrepreneurship”, is a first attempt to show the interdependencies of the different stages of the proposed entrepreneurship framework (Figure 1). Entrepreneurial performance is linked to individual entrepreneurial determinants and impacts as a way to seek possible statistical regularities across countries. However, it should be stressed that more refined analysis is necessary to disentangle the precise relationships between entrepreneurial determinants, performance and impacts.

- C.13. Determinants of enterprise birth
- C.14. Determinants of high-growth enterprises
- C.15. Employment creation and destruction – firm births and deaths
- C.16. Business churn rate and productivity growth

The graphs in the following pages present these indicators of entrepreneurship across countries. They give interesting information but should not be understood to rank individual countries in terms of their level of entrepreneurship. Indeed, one of the main observations arising from the empirical evidence is the difference in countries’ entrepreneurial regimes and thus the need for a differentiated analysis controlling for differences between countries, industries and enterprises.

3. As Table 1 shows, indicators are also available for the total number of enterprises (including enterprises with 0 employees), but for reasons of clarity and because of the assumed importance of employer firms for future growth performance, the discussion here focuses solely on employer firms.