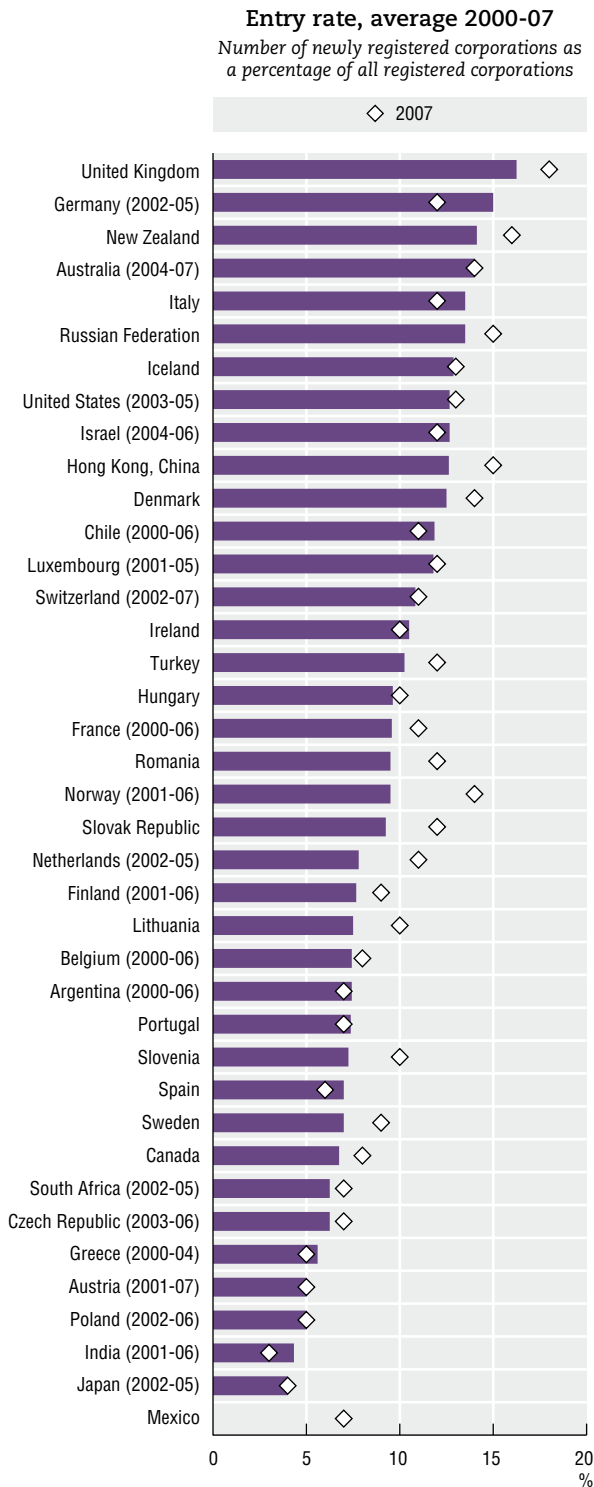


The contribution of enterprises to innovation is crucial, and a dynamic business sector is a key source and channel of technological and non-technological innovation. New companies frequently exploit technological or commercial opportunities which have been neglected by more established companies and bring them to market.



Source: World Bank, Entrepreneurship Database WBGES08 (2008).
 StatLink <http://dx.doi.org/10.1787/83558471745>

DID YOU KNOW?

In the United States growth of employment in surviving firms after the first seven years is at least twice that of European firms.

(Bartelsman, Scarpetta and Schivardi, 2005.)

Entry rates provide information on the dynamism of the business sector.

Employer indicators are more relevant for international comparisons than indicators covering all enterprises, as the latter are sensitive to the coverage of business registers.

Employer enterprise birth and death rates reflect the process of creative destruction. An efficient process of firm entry and exit makes an important contribution to aggregate employment and productivity growth: market selection leads to the death of less productive firms and the success of more productive ones.

A breakdown by industry shows that there is more creative destruction in services than in manufacturing, with a net entry of services enterprises in most countries. The picture is less clear in manufacturing as relatively lower birth and death rates result in net entry of manufacturing enterprises in some countries and a net exit in others.

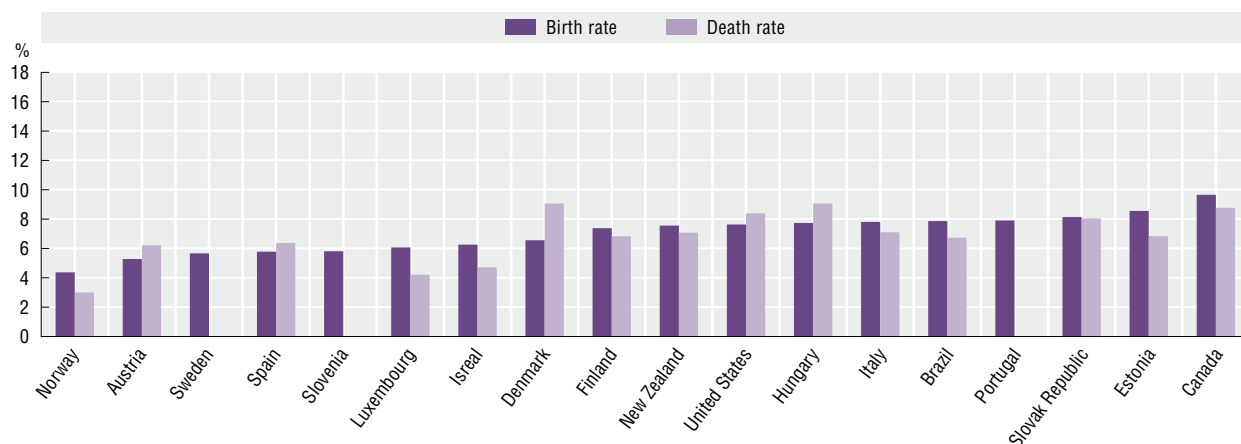
Definitions

Entry rates in the World Bank Database are calculated as the number of newly registered corporations divided by the number of total registered corporations.

The employer enterprise birth and death rates in the OECD Structural and Demographic Business Statistics Database (SDBS) are calculated as the number of births and deaths of employer enterprises, respectively, as a percentage of the population of active enterprises with at least one employee.

Employer enterprise birth rate (2006) and death rate (2005) in the manufacturing sector

As a percentage of the population of active enterprises with at least one employee

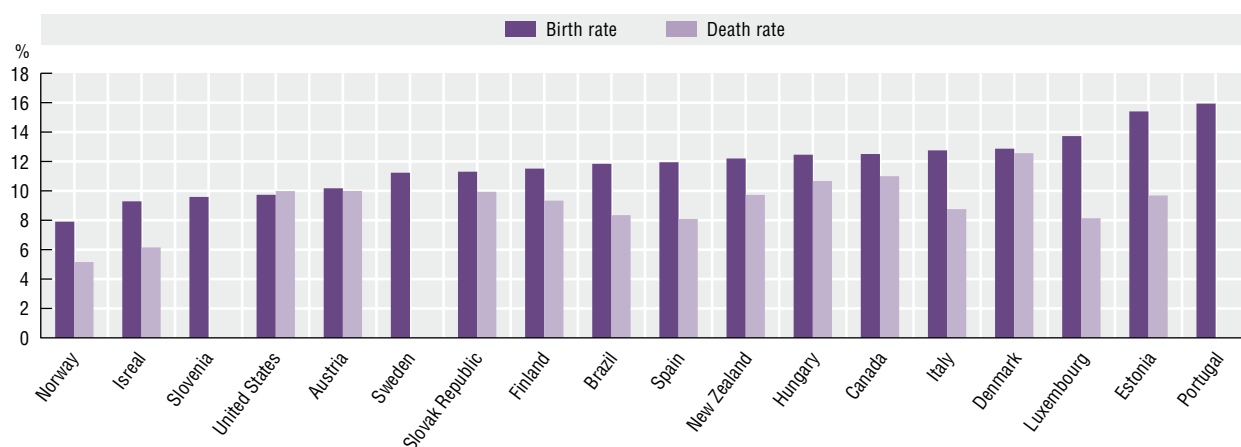


Source: OECD, Structural and Demographic Business Statistics Database, November 2009. See chapter notes.

StatLink <http://dx.doi.org/10.1787/835584771745>

Employer enterprise birth rate (2006) and death rate (2005) in the services sector

As a percentage of the population of active enterprises with at least one employee



Source: OECD, Structural and Demographic Business Statistics Database, November 2009. See chapter notes.

StatLink <http://dx.doi.org/10.1787/835584771745>

Measurability

The World Bank definition of entrepreneurship is a legal one, and entry rates are based on the number of limited liability corporations, or their equivalent in other legal systems, collected from business registers and other sources (including private ones) in the surveyed countries.

The OECD, instead, defines an employer enterprise birth as the birth of an enterprise with at least one employee. This employer-based indicator, developed in the framework of the OECD-Eurostat Entrepreneurship Indicators Programme and included in the OECD Structural and Demographic Business Statistics Database (SDBS), distinguishes between start-ups without employees (self-proprietor/self-employed businesses) and the creation of new businesses with employees. The latter typically have a greater growth potential and economic significance. The data are collected only through official sources, e.g. national statistical offices, and thus ensure the international comparability of the data, which is not affected by differences in coverage of business registers. While the OECD measure of employer enterprise births is currently available for a smaller set of countries than the World Bank's indicator of entry rate, the Entrepreneurship Indicators Programme will progressively cover more OECD member and non-member economies.