

# Timely trends in business dynamics up to January 2022<sup>1</sup>

Business dynamism is key to foster creative destruction and resource reallocation, crucial drivers of long-run economic growth. With the focus turning to the recovery from the COVID-19 crisis and the withdrawal of support measures, analysts and policymakers need to monitor closely trends in firm dynamics with timely and high-quality data.

To respond to this need, the OECD has expanded the coverage and improved the timeliness of its database on [Timely Indicators on Entrepreneurship](#), which collects information on firm entry, exit and bankruptcies. The dataset covers both OECD and partner countries. Information on entry is available for 19 countries at monthly or quarterly frequencies, bankruptcies are available for 14 countries, and data on exit are available for 12 countries.<sup>2</sup> Data are updated on a quarterly basis and can be freely downloaded from [stats.OECD.org](https://stats.oecd.org). In addition, those data are incorporated in a novel data visualisation tool available online ("[Monitoring and Analysing Business Dynamism](#)").

This brief describes the main trends of business dynamics, focusing on the most recent period. The analysis spans over both country- and sector-level data.

## Firm entry has broadly recovered from the COVID-19 shock, but the pace of recovery is uneven

The COVID-19 crisis and the related restrictions imposed to limit the spread of the virus induced a sudden drop in entry in most countries during the first two quarters of 2020. Firm entry started to resume generally

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<sup>1</sup> This note was jointly prepared by the Science, Technology and Innovation Directorate (Flavio Calvino, Chiara Criscuolo, Francesco Manaresi, Rudy Verlhac) and the Statistics and Data Directorate (Antonella Liberatore, Annabelle Mourougane, Gueram Sargsyan). Contacts: [DynEmp@oecd.org](mailto:DynEmp@oecd.org), [SDD.IndServStat@oecd.org](mailto:SDD.IndServStat@oecd.org).

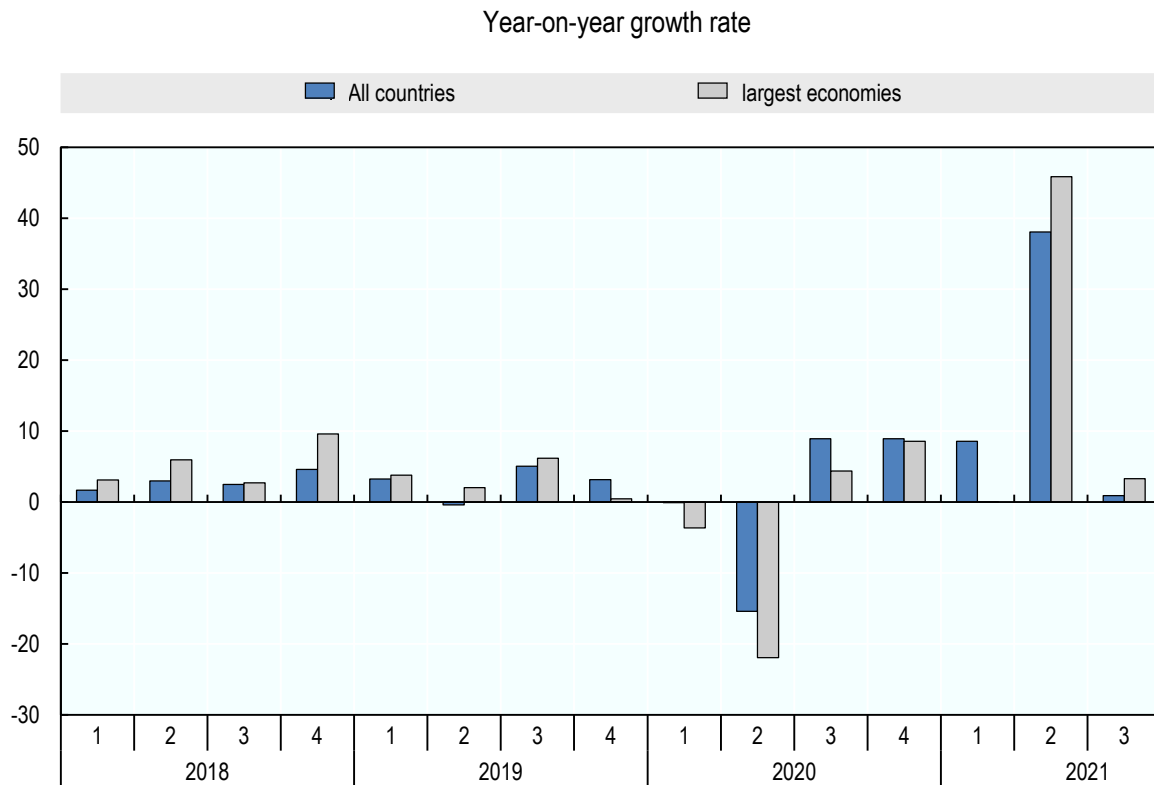
<sup>2</sup> Indicators on entries are available for the following list of countries (data by industry are available for the countries in italic): *Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Italy, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, the United Kingdom, the United States.*

Indicators on bankruptcies are available for the following list of countries (data by industry are available for the countries in italic): *Australia, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, the Netherlands, Norway, Spain, Sweden, the United Kingdom, the United States.*

Indicators on exits are available for the following list of countries (data by industry are available for the countries in italic): *Belgium, Canada, Finland, Germany, Greece, Italy, the Netherlands, Portugal, Singapore, Spain, the United Kingdom, the United States.*

in the second half of 2020, and on average the pace of the recovery was very rapid, with relatively strong growth in firm entries in 2021, especially in the second quarter (Figure 1).

**Figure 1. Firm entry – aggregates of available economies**



Note: The aggregate growth rates are (unweighted) averages of country growth rates. All countries include Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Italy, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, the United Kingdom and the United States. Largest economies include Canada, the United States, Germany and France.

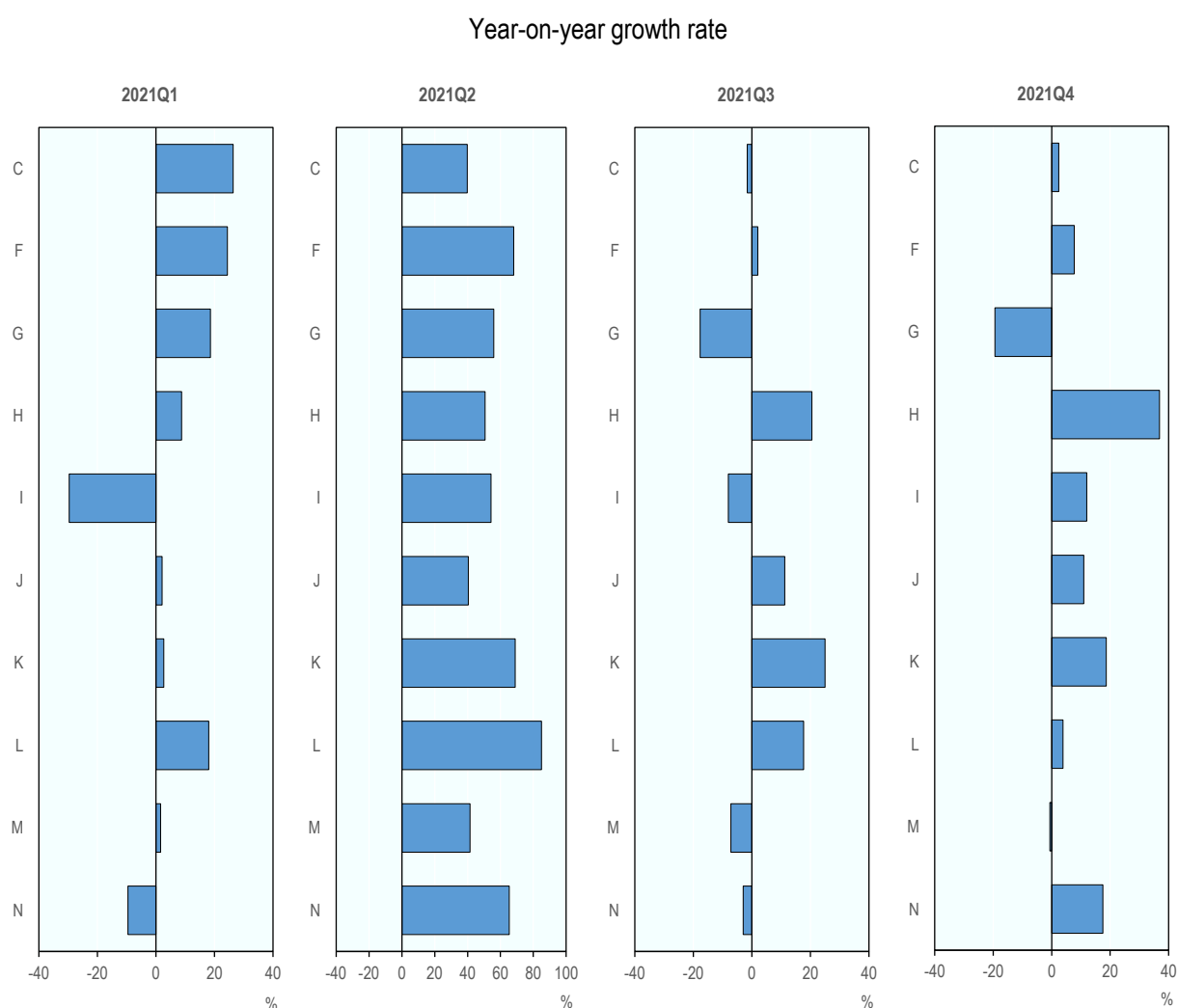
Source: OECD Timely Indicators of Entrepreneurship Database.

The pace of the recovery of firm entry in the second half of 2020 differed across countries. In the first half of 2021, entry increased significantly on a year-on-year basis, while in the second half entry was at similar levels as in the previous year (Annex 1, Figure A1). Countries that had experienced a slow recovery in 2020, such as Greece and Italy, saw an acceleration in business registrations in 2021.

Sectoral data on business registrations in the private sector covering a subset of 7 countries (Figure 2),<sup>3</sup> suggest a broad-based recovery during the first half of 2021, especially in the second quarter. In the third and fourth quarter of 2021 year-on-year growth in entry was more subdued. Entry was lower in sectors that drove the recovery in the second half of 2020, like manufacturing, construction and wholesale and retail trade, and may signal structural changes induced by the COVID-19 pandemic. Transportation, financial and information services registered positive year-on-year growth throughout the year 2021.

<sup>3</sup> Belgium, Canada, Greece, Iceland, Netherlands, Portugal and Singapore.

Figure 2. Firm entry – cross-country median by sector



Note: The figure reports the median year-on-year change in business registration by sector across the 6 countries that provided complete sectoral data up to 2021-Q4. Countries included are Belgium, Greece, Iceland, Netherlands, Portugal and Singapore.

C: Manufacturing; F: Construction; G: Wholesale and retail trade, repair of motor vehicles and motorcycles; H: Transportation and storage; I: Accommodation and food service; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M: Professional, scientific and technical activities; N: Administrative and support service activities.

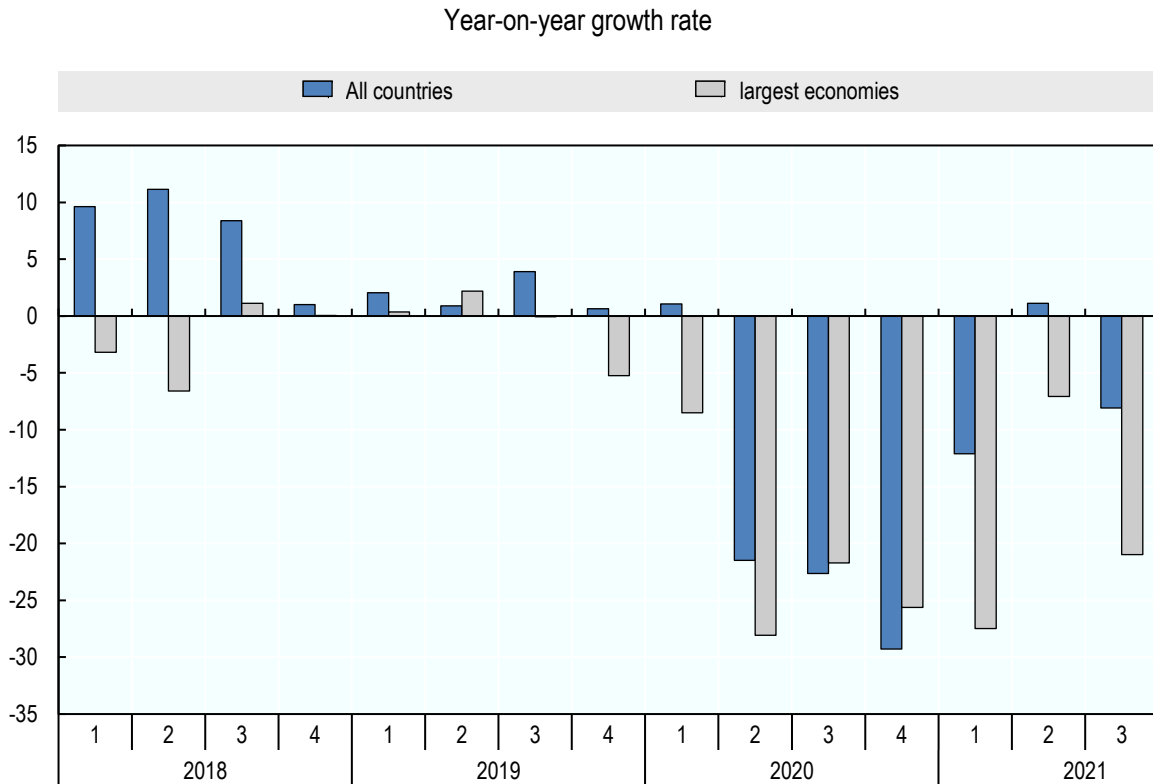
Source: OECD Timely Indicators on Entrepreneurship.

### After a protracted fall, bankruptcies show signs of increase in some countries

Contrary to what happened during the 2007-08 financial crisis, bankruptcies fell in 2020 (Figure 3). Changes in bankruptcy procedures and liquidity support to firms in 2020 increased the likelihood of firm survival and contributed to the sharp decline in bankruptcies.

Data for the 2021 show a differentiated pattern across countries (Annex 1, Figure A2). In two countries, the Netherlands and the United States, bankruptcies continued to drop year-on-year, while in others (Canada, France and Sweden) they remained roughly at the levels in 2020. In some countries (Finland, Italy and the United Kingdom) a rebound in bankruptcies can be observed. Finally, in three countries (Denmark, Finland and Iceland) bankruptcies are particularly volatile, changing swiftly from month to month.

Figure 3. Bankruptcies – aggregates of available economies



Note: The aggregate growth rates are (unweighted) averages of country growth rates. All countries include Australia, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States. Largest economies include Canada, the United States, Germany and France.

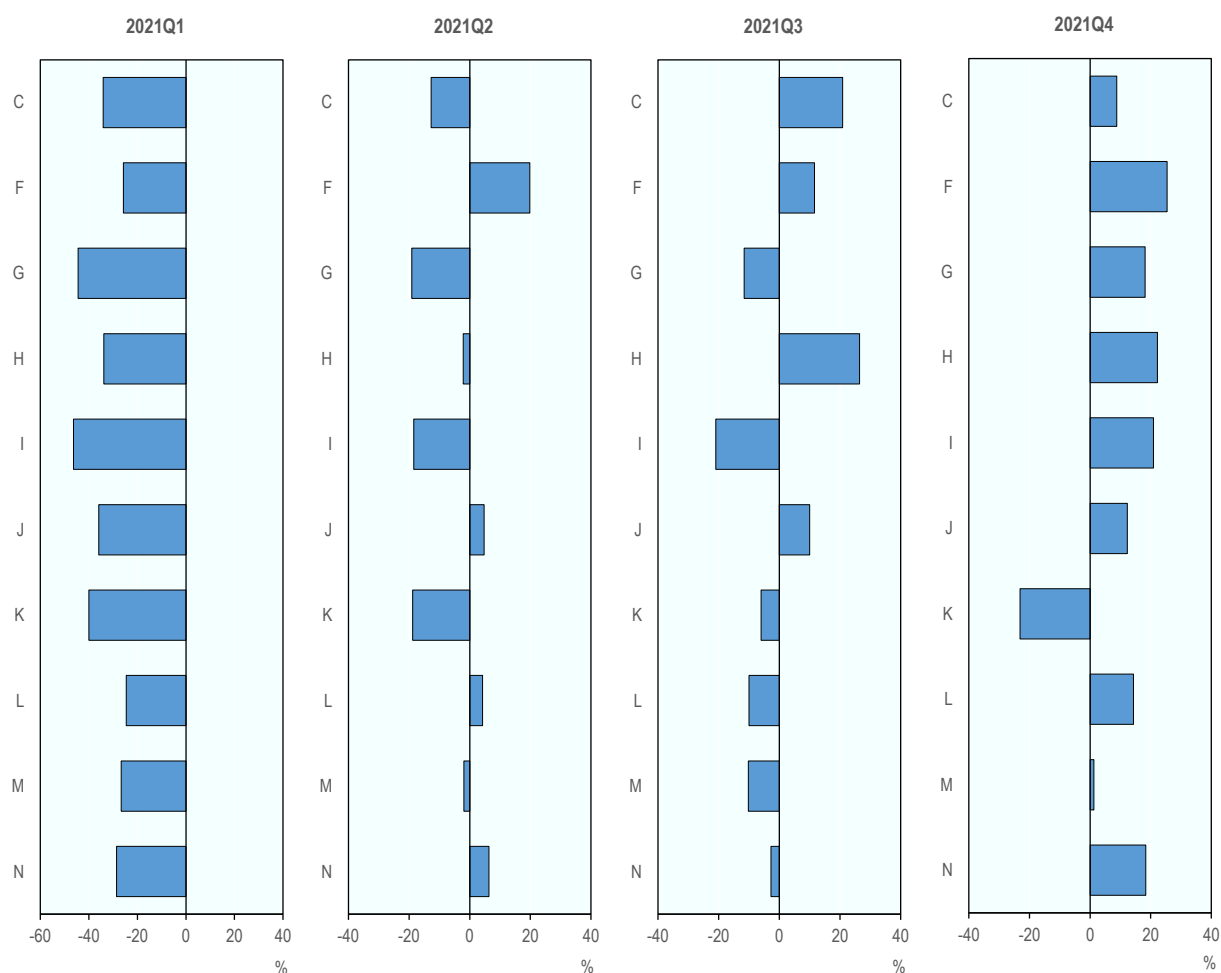
Source: OECD Timely Indicators of Entrepreneurship Database.

Bankruptcies data by sector, available for business economy over 9 countries (Figure 4),<sup>4</sup> show that the drop in 2020 continued in the first quarter of 2021 in all sectors. Conversely, in the last quarter of 2021, bankruptcies started to increase markedly in most sectors of the business economy.

<sup>4</sup> Australia, Belgium, Canada, , Finland, United Kingdom, , Netherlands, Norway and Sweden.

**Figure 4. Bankruptcies – cross-country median by sector**

Year-on-year growth rate



Note: The figure reports the median year-on-year change in bankruptcies by sector across the 9 countries that provided complete sectoral data up to 2021-Q4. Countries included are Australia, Belgium, Canada, Finland, Germany, Netherlands, Norway, Sweden, United Kingdom.

C: Manufacturing; F: Construction; G: Wholesale and retail trade, repair of motor vehicles and motorcycles; H: Transportation and storage; I: Accommodation and food service; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M: Professional, scientific and technical activities; N: Administrative and support service activities.

Source: OECD Timely Indicators on Entrepreneurship.

### Business closures increased in some countries, but declined in others

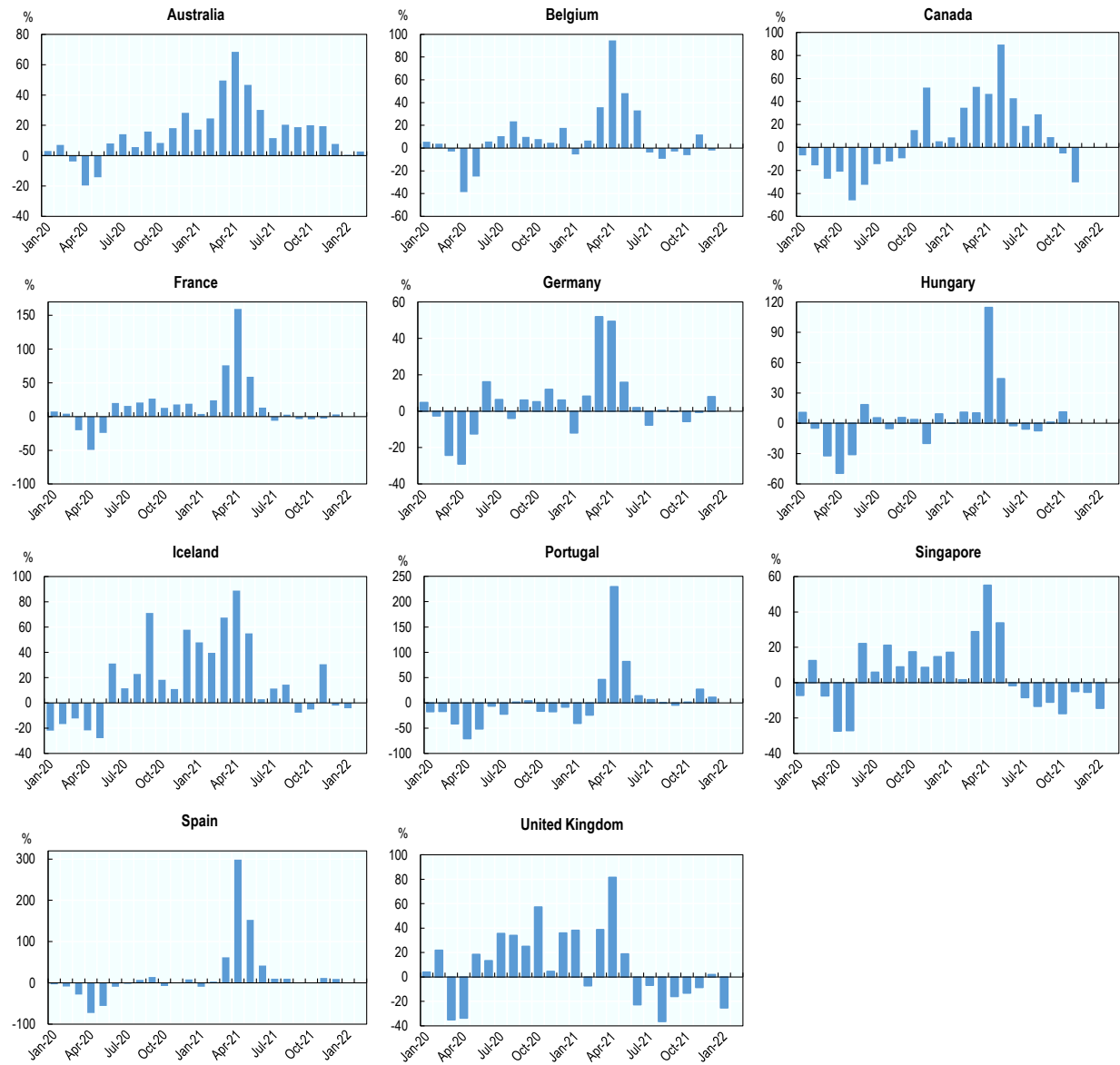
Due to a possible delay between the halting of an activity and the actual closure of the business, data on exit may not respond to sudden shocks immediately. As a result, business closures did not immediately react to the COVID-19 shock. In few countries including Canada, Finland, Netherlands and the United States, closures slightly increased during 2020 (Annex 1, Figure A3).

In 2021, the pattern of business closures varied across countries. Some countries, such as Belgium, Finland, Singapore and Spain experienced an increase in closures, while closures declined in Canada, the Netherlands and the United States.

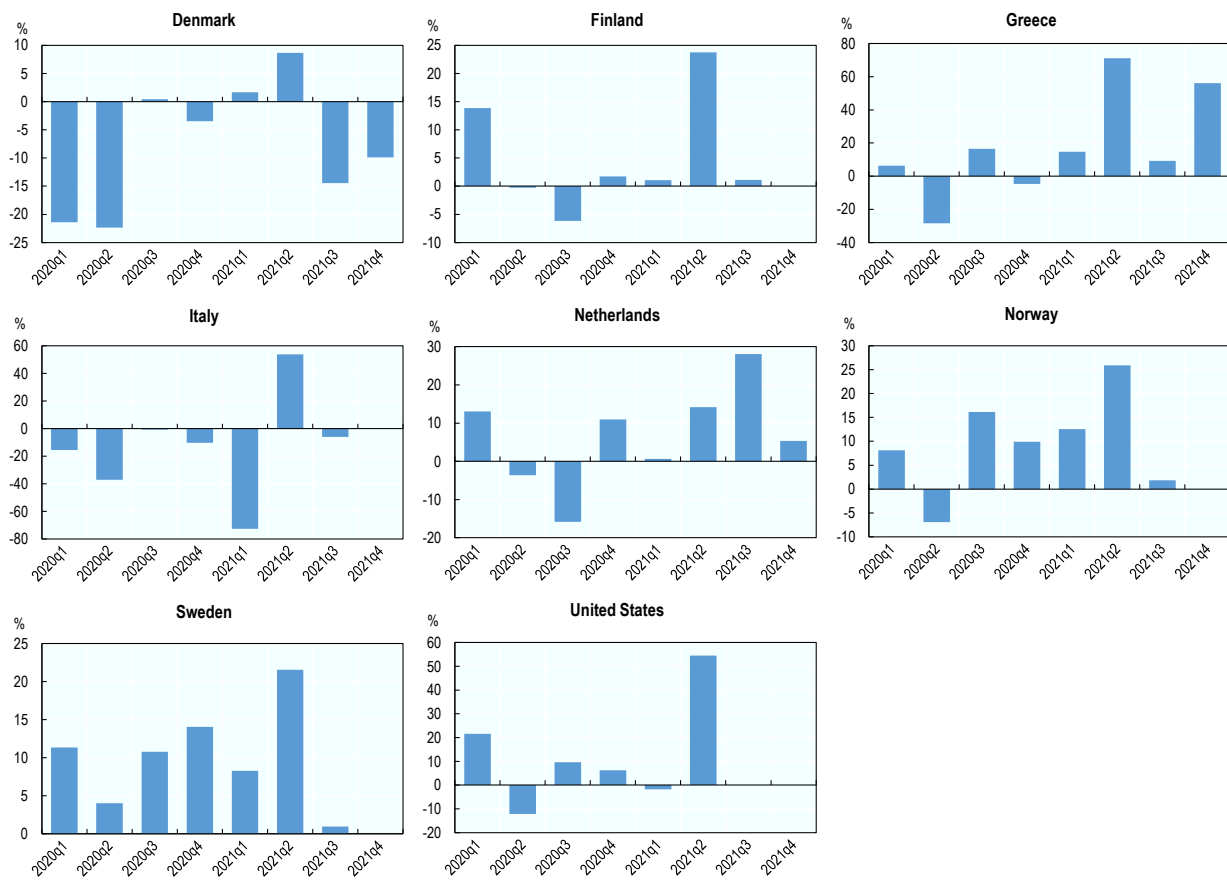
## Annex 1: Country-specific charts

Figure A 1. Firm entry – year-on-year changes (%)

Panel A. Monthly data



## Panel B. Quarterly data

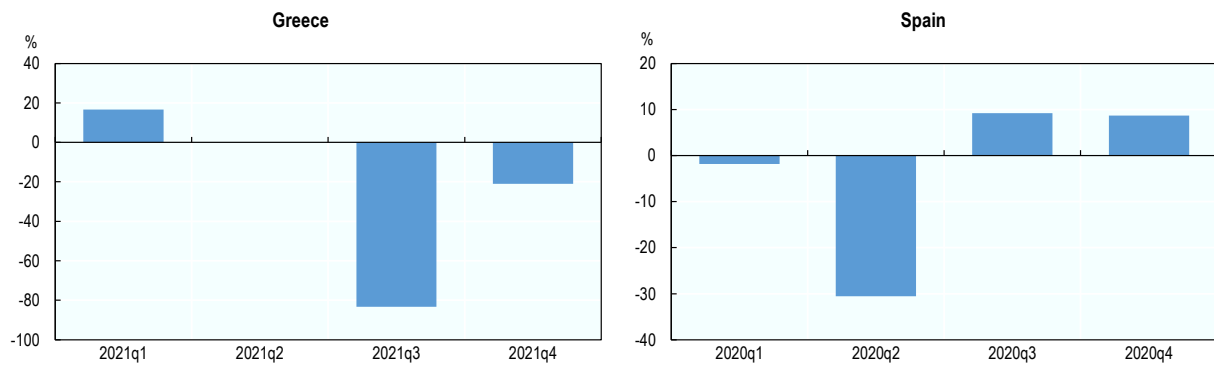


Note: The figure reports the year-on-year change in business registrations (firm entry) over the 2020-2021 period (2022 where available).  
 Source: OECD Timely Indicators on Entrepreneurship.





## Panel B. Quarterly data

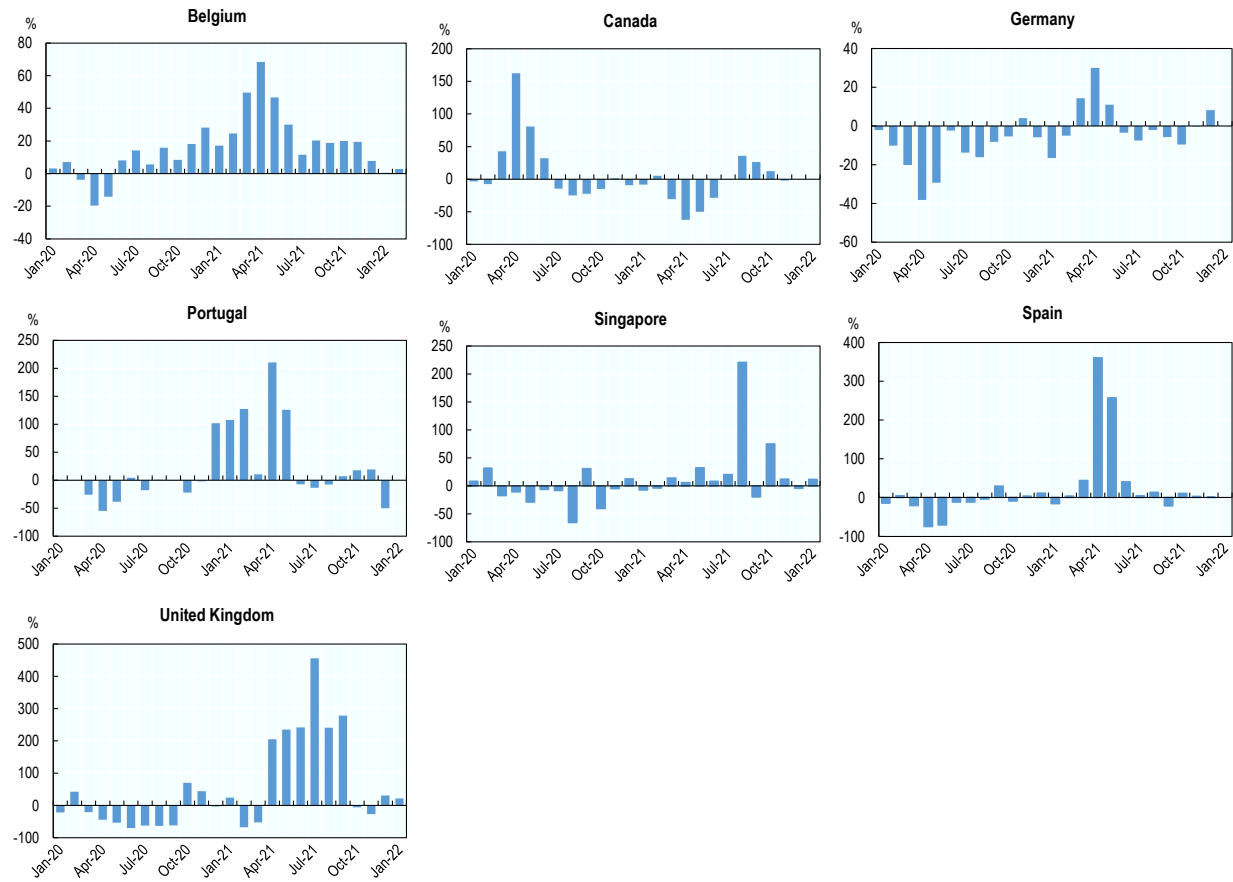


Note: The figure reports the year-on-year change in bankruptcies over the 2020-2021 period (2022 where available).

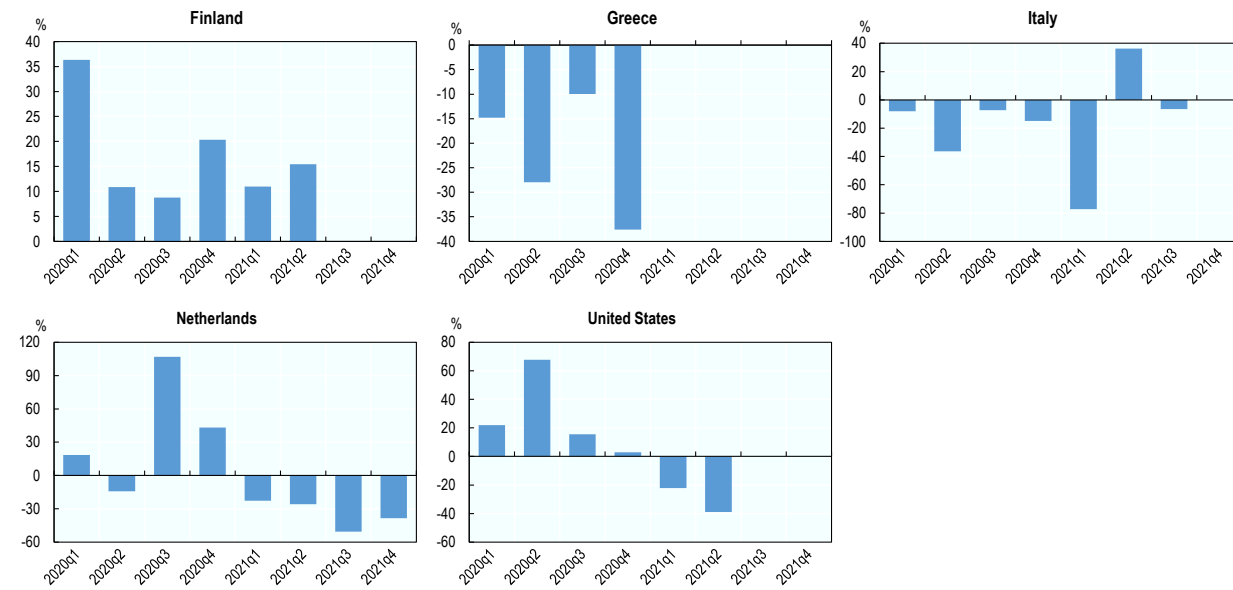
Source: OECD Timely Indicators on Entrepreneurship.

Figure A 3. Exits – year-on-year changes (%)

Panel A. Monthly data



Panel B. Quarterly data



Note: The figure reports the year-on-year change in exits over the 2020-2021 period.  
 Source: OECD Timely Indicators on Entrepreneurship.