



# Comparing enterprise creation across countries: some reflections

SESSION 8

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# About the topic

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- A recent stream of research on business dynamism provided the opportunity to ***reflect on the interpretation of start-up rates in economic analysis***
  - In the past few years, studies on business dynamism associated declines in long term start-up rates with declining productivity trends observed in a majority of OECD countries.
    - *These studies pointed to possible consequences, for productivity and growth, of less business dynamism, and recommended policy action.*
  - In a number of countries, however, declining start-up rates have not been mirrored in declining levels of start-ups per se.
    - *What does this mean for entrepreneurship analysis and policy design ?*



# International comparisons and scale effects

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- Comparative analysis across countries typically focuses on rates of enterprise births, while comparisons of enterprise birth levels are neglected
  - Why: Indicators of enterprise births expressed in absolute terms are not easily comparable across countries due to scale effects, i.e. differences in the size of economies



# Importance of levels

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- ***Importance of looking at levels, and not only rates, in international comparative studies on start-up creation and business dynamism, to avoid presenting a partial view of the state of entrepreneurship in a country***
  - Original work for the development of internationally comparable start-up rates (OECD/ONS, 2006) identified key issues for cross-country comparability of numerator and denominator of start-up rates (for instance, statistical units, coverage of type of businesses, thresholds)



# Data analysis

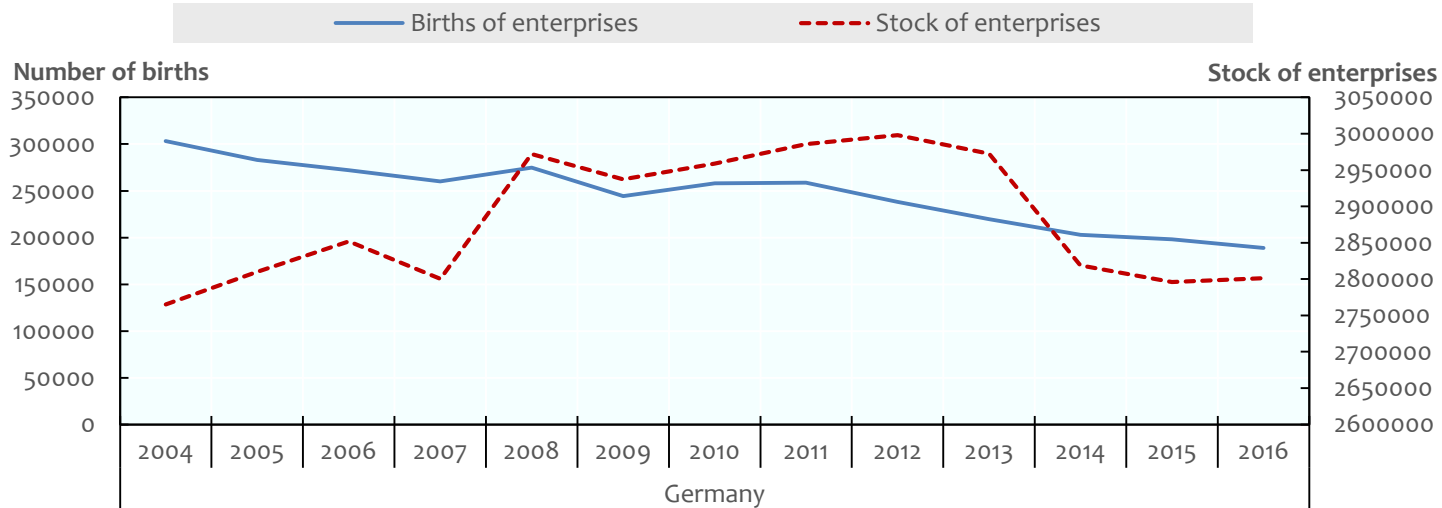
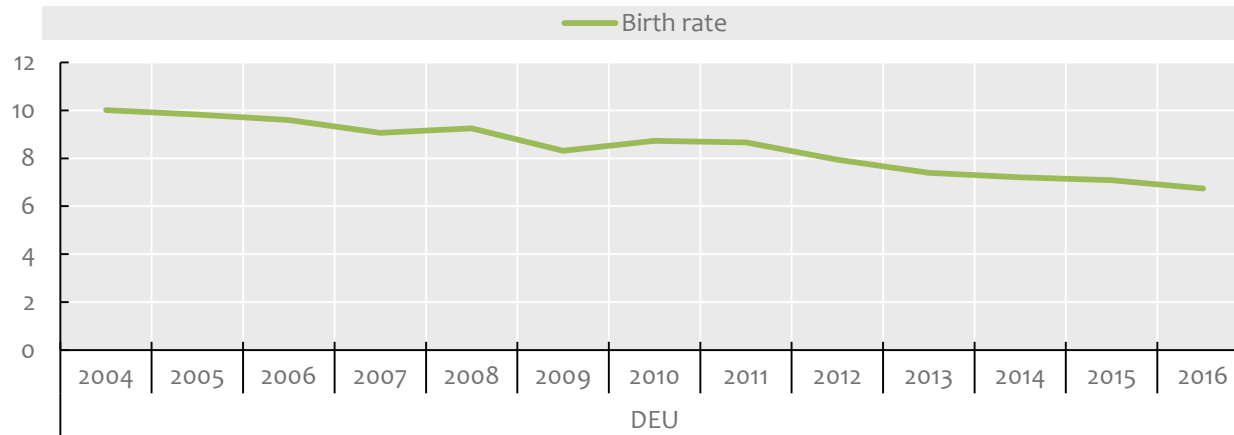
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- Cross-country comparisons of enterprise birth levels and enterprise births rates
  - Data are from the OECD Structural and Demographic Business Statistics database (SDBS), which contains harmonised statistics compiled by NSOs of OECD member and partner countries
  - More recent years are included in SDBS compared to the time coverage of the research on business dynamism that motivated investigation on both rates and levels



# Case 1. Germany:

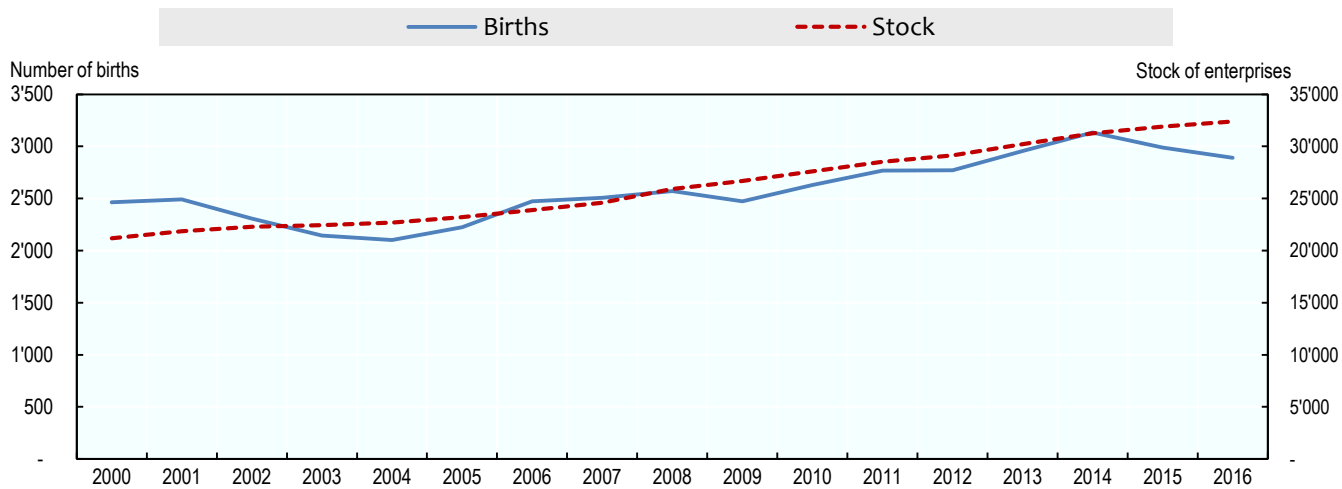
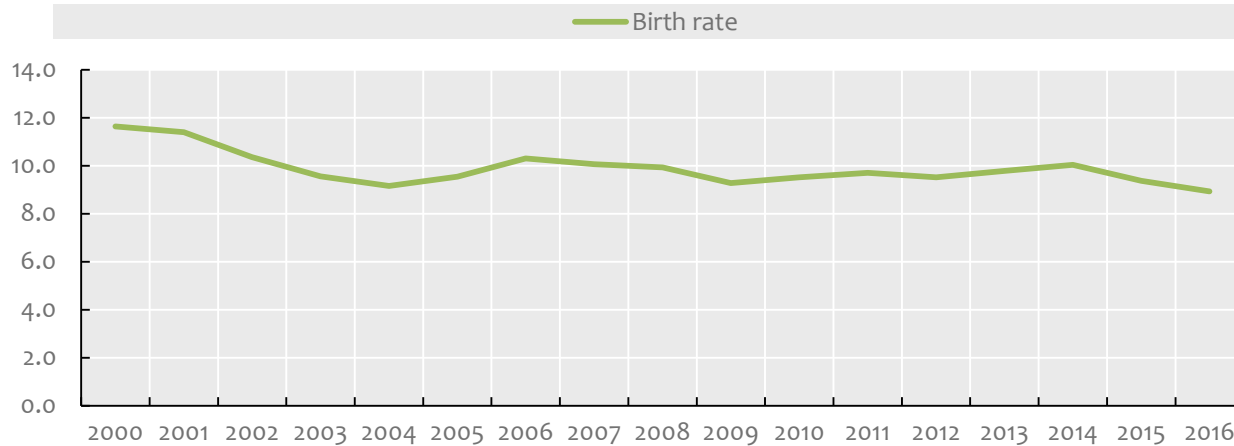
## Declining enterprise birth rates and birth levels



Source: OECD Structural and Demographic Business Statistics (SDBS) database.

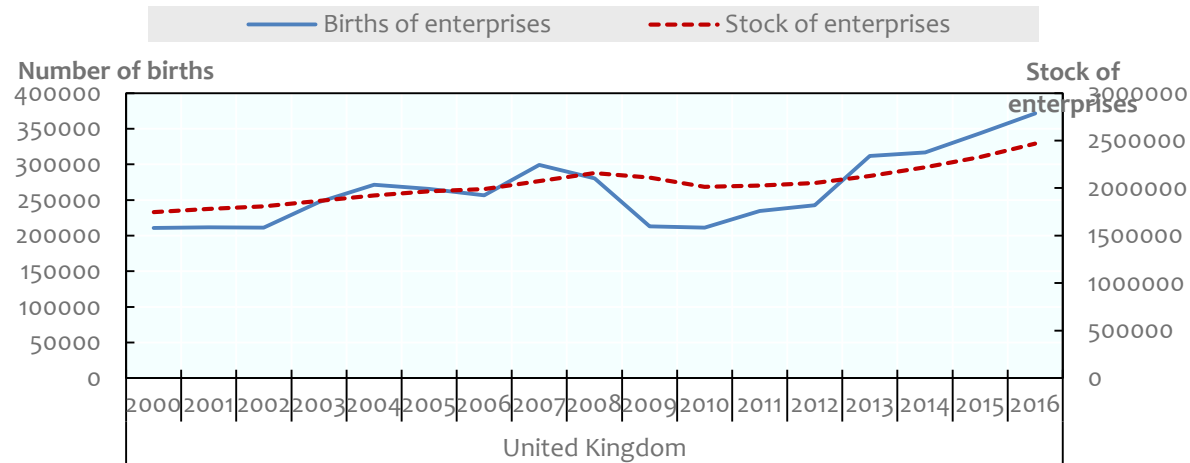
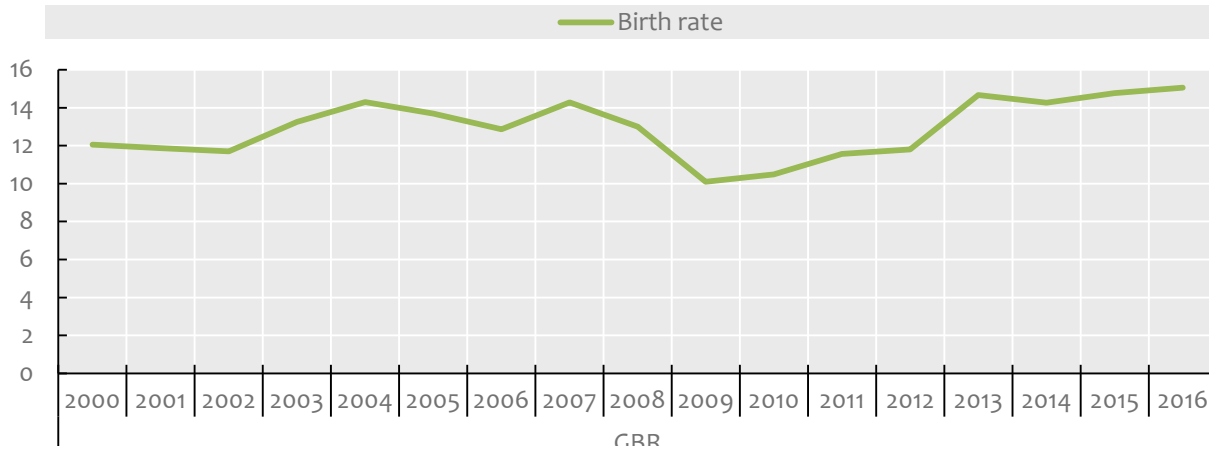


# Case 2. Luxembourg: Declining enterprise birth rates, increasing birth levels





# Case 3. United Kingdom: Increasing enterprise birth rates and birth levels

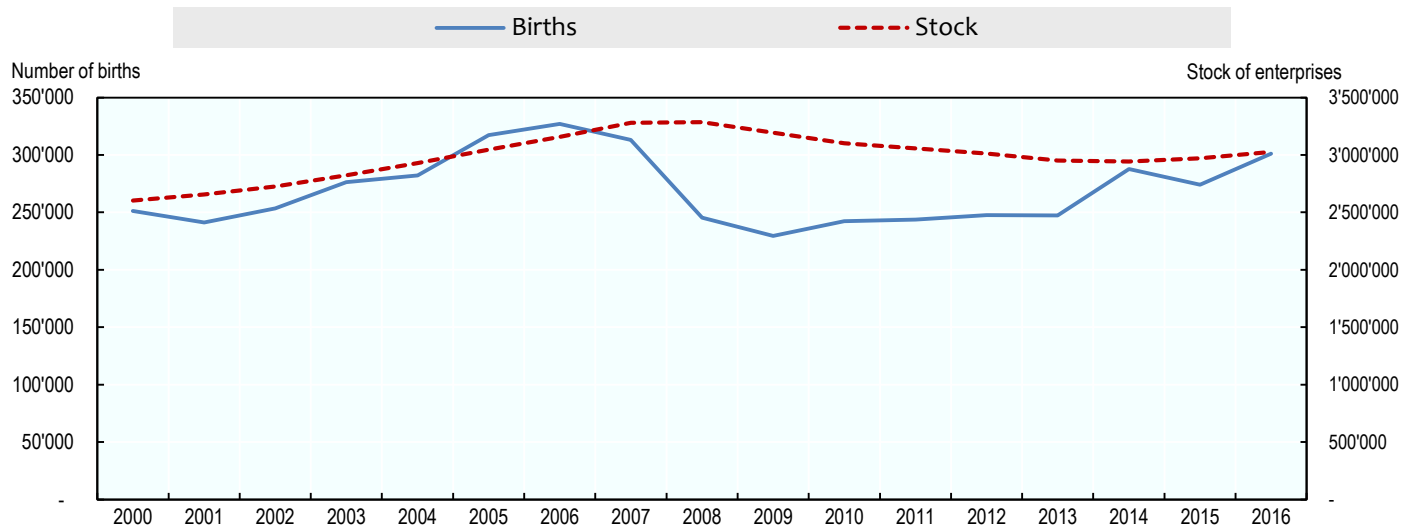
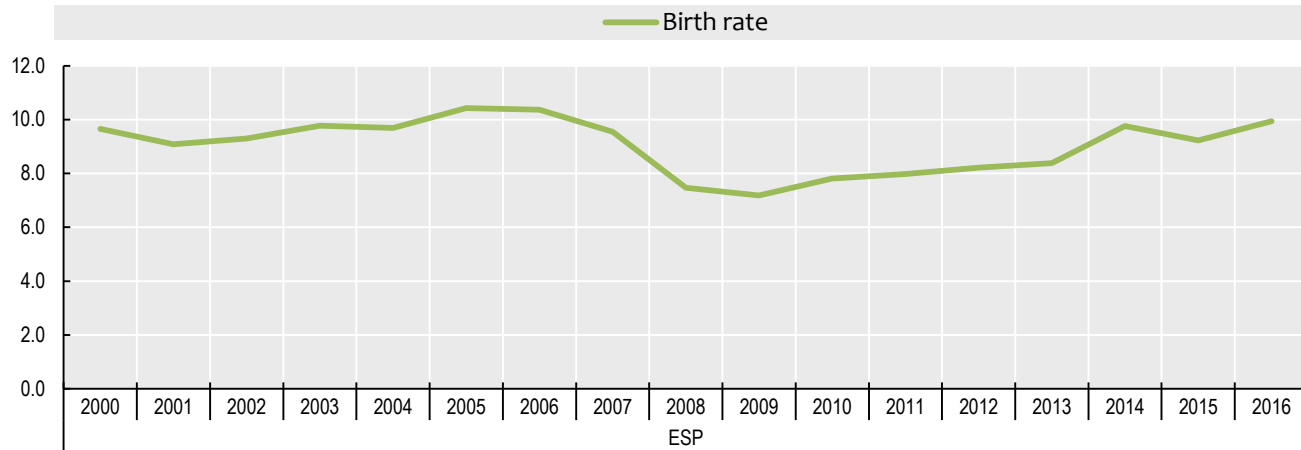






# Case 4. Spain:

## Stable enterprise birth rates, increasing birth levels





# A simple message

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- Analysis of enterprise creation at the country level always encompasses both rates and levels
  - many examples of statistical releases from NSOs, e.g. ABS, INSEE, CSO Ireland, CBS Israel, ISTAT, Statistics New Zealand, ONS UK
- Despite the problem of scale effects, international comparisons of start-up creation should include analysis of birth levels to provide a more accurate representation of underlying patterns across countries in support of policy making