

# Business demography in Europe

Results for 10 Member States  
and Norway

**Data 1997-2001**

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## EDITORIAL

Entrepreneurship is a key element in the knowledge-based economy. New enterprises contribute to the creation of dynamism through new job opportunities, innovation of production processes, goods and services. They increase competitive pressure, forcing existing firms to react by improving efficiency or introducing innovative products, thus boosting growth and productivity.

Fostering new enterprises and developing innovative businesses are key elements in the so-called Lisbon process setting the strategic goal of transforming the European Union into 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.'

The European Council meeting in March 2000 in Lisbon also recognised the importance and need for setting-up structural indicators to monitor the progress relating to employment, innovation, economic reform and social cohesion. Consequently, indicators on birth, survival and deaths of enterprises were included in the list of indicators decided upon.

The Enterprise Directorate-General of the European Commission and Eurostat launched a project to develop harmonised data on business demography within the European Union. The collection of data was financed by the Enterprise Directorate-General and carried out by the National Statistical Institutes.

This publication presents the results of the second harmonised data collection. It focuses on information on enterprise births, survival of newly born enterprises and the deaths of existing enterprises in order to provide the users with basic statistical information on enterprise dynamics within the European Union.

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### **Business demography in Europe - results for ten Member States and Norway**

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More general information concerning business statistics is available at <http://www.europa.eu.int/comm/eurostat> - once the homepage opens, click on the links to select the theme for 'Industry, trade and services'.

On the Enterprise Directorate-General web-site there is a great deal of additional information on Community policies in this field, which can be found at [http://www.europa.eu.int/comm/enterprise/enterprise\\_policy/index.htm](http://www.europa.eu.int/comm/enterprise/enterprise_policy/index.htm).

More specific links to the topic of entrepreneurship can be found at <http://www.europa.eu.int/comm/enterprise/entrepreneurship/index.htm>.

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## 1. INTRODUCTION

This is the second edition of *'Business demography in Europe - results for ten Member States and Norway'*. The publication aims to provide extensive information on enterprise births and deaths, as well as survival rates; it also includes data for employment changes that result from newly born enterprises and enterprise deaths.

The data is presented for ten of the EU Member States and Norway, with data covering a five-year period from 1997 to 2001. Data for enterprise deaths generally extend from 1997 to 2000, while the majority of the other indicators are available for the period 1998 to 2001.

The publication is broken down into a number of sections that study the dynamism of the business enterprise population. It starts by introducing European Commission policy with respect to enterprises and entrepreneurship, which is followed by a general summary of the statistics that are used in the publication. After an overview of the population of active enterprises operating in the EU's business economy (Chapter 2), the following chapters trace the life of enterprises, covering enterprise births (Chapter 3), surviving enterprises (Chapter 4) and enterprise deaths (Chapter 5). A more detailed analysis of four economic sectors (the information and communications technology sector; knowledge-intensive business services sector; professional and operational services sectors; and retail trade) is presented in Chapter 6, while the publication finishes with background information and methodological notes (Chapter 7).

### THE LISBON STRATEGY AND ENTREPRENEURSHIP

The conclusions of the Lisbon European Council are undoubtedly the cornerstone of policy developments in this area. This Council set the ambitious ten-year goal of making the European Union 'the most dynamic, competitive, sustainable knowledge-based economy in the world, enjoying full employment and strengthened economic and social cohesion'. The European Council has subsequently made its spring meetings a focal point for economic, social and environmental policy issues, in particular looking at investment in knowledge to ensure future competitiveness and jobs <sup>(1)</sup>.

In order to gauge the progress being made towards fulfilling the Lisbon objectives, each year a list of structural indicators is reassessed, taking into account political priorities, as well as progress with regard to the development of statistical indicators. The European Commission presents a new list of structural indicators each autumn. Once adopted, this list is used as the basis for an annual synthesis report that is presented by the European Commission to the European Council the following spring. Eurostat is involved in the process of selecting structural indicators and providing data for the communication and synthesis report. While the 2004 spring report does not include any business demography indicators, it is expected that they will be included in the list for the 2005 spring report.

The synthesis report from the European Commission to the spring European Council of 2004, *Delivering Lisbon - reforms for the enlarged Union* <sup>(2)</sup>, underlined what the Commission considered as the most important actions for the coming year, highlighting three priority areas:

- improving investments in knowledge and networks, giving greater priority to research, education and training;
- strengthening the competitiveness of European enterprises, by applying better regulation, particularly for the industrial sector, while adopting a proposal for a framework Directive on services and a proposal for an environmental technologies action plan;
- promoting active ageing, by encouraging older workers to remain in the workforce, through a modernisation of educational systems for lifelong learning, of work organisation, and of prevention and health care systems.

Clearly these priority actions are in keeping with the broader objectives of enterprise policy, namely to encourage an entrepreneurial culture, create additional jobs and to promote high technology and knowledge-intensive sectors of the economy.

In most Member States, entrepreneurial policies designed to increase the number of enterprise births have existed for a number of years. Most of these were initially concerned with encouraging employment creation, and were usually focussed on the unemployed or persons working in declining industries in an attempt to get them to set-up their own business. In the late 1990s policy was refined to focus on the promotion of competitiveness, innovation and technology. This change was based on the belief that newly born enterprises that had some of these traits were more likely to succeed and would contribute towards improving productivity and expanding the number of jobs in Europe. As a result, enterprise creation policies are increasingly focused on the creation of economic conditions that foster entrepreneurship and innovation, particularly in high technology and knowledge-intensive industries.

The Enterprise Directorate-General of the European Commission has laid out its policy on entrepreneurship in a Green Paper <sup>(3)</sup>. The paper describes entrepreneurship as a crucial element for achieving the political objectives set at the European Council Meeting in Lisbon in 2000, stating that entrepreneurship 'is a driver for economic growth, competitiveness and job creation, as well as being a vehicle for personal development and a possible solution for resolving social issues'.

<sup>(2)</sup> COM(2004) 29, 21 January 2004.

<sup>(3)</sup> Entrepreneurship in Europe, COM(2003) 27 final, available at [http://europa.eu.int/comm/enterprise/entrepreneurship/green\\_paper/index.htm](http://europa.eu.int/comm/enterprise/entrepreneurship/green_paper/index.htm).

<sup>(1)</sup> More information is available at [http://www.europa.eu.int/comm/lisbon\\_strategy/index\\_en.html](http://www.europa.eu.int/comm/lisbon_strategy/index_en.html).

Following the Green Paper, the European Commission subsequently published an Action Plan<sup>(4)</sup> for entrepreneurship that established five strategic priority areas; fostering entrepreneurial mindsets among young people, reducing the stigma of failure, providing support for women and ethnic minorities, reducing the complexity of complying with tax laws, and facilitating business transfers.

### INTRODUCTION TO BUSINESS DEMOGRAPHY STATISTICS

The vast majority of the data presented in this publication is derived from the business demography project initiated by Eurostat and the Enterprise Directorate-General of the European Commission. In some cases, the Enterprise Directorate-General financed grants to the national statistical institutes to enable them to participate in the data collection exercise. It is important to note that all of the information that is presented in this publication is composed of official statistics that were supplied by the national statistical institutes to Eurostat.

Business demography statistics are mainly sourced from registers of businesses that are primarily used to select businesses to be included in the various business surveys carried out by national statistical institutes. These registers record details such as names and addresses, the predominant type of industrial activity undertaken or employment levels. This information can be used to produce statistics on changes in the number, type and size of enterprises. Analysis can be undertaken using a range of variables and can be broken down to look at specific sub-populations by industry, ownership (legal form) or size (as defined by the number of employees). As such, data on business demography are obtained without additional response burden as existing data are used.

Enterprise demography indicators measure the existing stock of active enterprises and its transformation over time. Indeed, the bulk of this publication examines the number of business starts (enterprise births), closures (enterprise deaths), survival rates and changes in employment during the period 1997 to 2001. For the purpose of this project, particular attention is given to tracking cohorts of newly born enterprises over a five-year period (although a full time-series is not yet available for the first cohort of newly born enterprises, as data currently run from 1998 to 2001). The information collected also allows information to be gathered on the number of active enterprises in each of the participating countries.

Eurostat's business demography project currently relies upon a voluntary data collection exercise within the participating countries. The information presented in this publication is derived from the first and second harmonised data collection exercises. The data from business registers are generally compiled from administrative sources, such as tax, value added tax (VAT) and social security declarations, as well as statistical surveys. The aim of the harmonised business demography exercise is to provide statistical information that tracks the number of genuine enterprise births according to their initial economic activity. The exercise also measures survival rates of newly born enterprises and their contribution to employment over time, as well as the number of genuine enterprise deaths each year. Considerable efforts have been made to standardise methods and definitions (see Chapter 7 for more details).

The first harmonised data collection exercise took place during the summer and autumn of 2002. Data was received during the final quarter of 2002 and the first quarter of 2003. A year later the second harmonised data collection exercise was launched, and the bulk of the information was provided to Eurostat during the final quarter of 2003. Data was subsequently processed during the first quarter of 2004 and the combined results of the two exercises are presented alongside each other in this publication.

The main difference between the two data collection exercises was the additional request for a breakdown by legal form for the second data collection exercise, while there were also some additional NACE aggregates requested.

#### **Legal basis**

The collection of some data on business demography is foreseen in Council Regulation (EC, EURATOM) No 58/97 of 20 December 1996 concerning structural business statistics. Basic variables such as the number of enterprises, and of enterprise births and deaths have already been defined in Commission Regulation (EC) No 2700/98 of 17 December 1998, however, the information on births and deaths is only requested within annexes 2 (industry) and 4 (construction) of the Regulation, and hence service activities are not covered.

Eurostat plan to expand the scope of the SBS Regulation and have already proposed to the Member States to adapt it so that business demography variables are added in a new Annex 9 covering all business sectors and are removed from Annexes 2 and 4.

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<sup>(4)</sup> Action Plan: the European agenda for Entrepreneurship, COM(2004) 70 final, available at [http://europa.eu.int/comm/enterprise/entrepreneurship/action\\_plan.htm](http://europa.eu.int/comm/enterprise/entrepreneurship/action_plan.htm).

### Statistical unit

The statistical unit used for this project is the enterprise. This unit is defined in the statistical units Regulation (Council Regulation (EEC) No 696/93 of 15 March 1993) as, 'the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources.'<sup>1</sup> For most countries the data presented start from an analysis of the legal units registered in national business registers, but the method applied provides results at the level of the enterprise.

### Thresholds

No threshold in terms of the size of units was set for this project. All units that are identified as active, usually through verifying employment or turnover data, are included. The coverage in general is very good, although differences in national administrative sources affect the coverage of very small units, especially those with no employees. The majority of these enterprises are likely to be run by sole proprietors, possibly operating on a part-time basis, with no employees and a low level of turnover. These omissions are particularly prevalent in the United Kingdom, where a relatively large number of very small units are not covered (see the methodological notes at the end of this publication for more information).

### Activity coverage

NACE is a hierarchical classification of economic activities<sup>(5)</sup>. Business demography indicators have been produced for this project for NACE Rev. 1 Sections C to O (excluding L), which cover industrial, construction and service sectors. The main bulk of the analysis that is presented concentrates on NACE Sections C to K, otherwise referred to as the business economy.

A number of special aggregates were created for the purpose of this publication, the most important of which are<sup>(6)</sup>:

- the business economy (defined as NACE Sections C to K);-
- industry (NACE Sections C to E), and;
- services (NACE Sections G to K).

No information was collected for management activities of holding companies (NACE Class 74.15). As a result, this Class is excluded from all higher aggregates to which it should normally be assigned (NACE Group 74.1, Division 74 and Section K, as well as the aggregates for services (Sections G to K) and the business economy (Sections C to K)).

<sup>(5)</sup> Published by Eurostat, ISBN 92-826-8767-8, available from the usual outlets for Commission publications.

<sup>(6)</sup> These aggregates are used in a number of tables and graphs, where data for construction (NACE Section F) are also presented.

Chapter 6 concentrates on some specific activities. For this purpose, several additional aggregates were created, namely:

- Total ICT sector (an aggregate of ICT manufacturing and services, see below for definitions);
- ICT manufacturing (NACE Division 30, Group 31.3, Division 32, and Groups 33.2 and 33.3);
- ICT services (an aggregate of ICT wholesale, telecommunications (NACE Group 64.2) and ICT consultancy, see below for definitions);
- ICT wholesale (NACE Classes 51.43, 51.64 and 51.65);
- ICT consultancy (NACE Class 71.33 and Division 72);
- Knowledge-intensive business services (an aggregate of computer and related activities (NACE Division 72) and professional services, see below for definitions).
- Professional services (NACE Classes 74.11 to 74.14, Groups 74.2 to 74.4 and Classes 74.81 and 74.83);
- Operational services (NACE Groups 74.5 to 74.7 and Classes 74.82 and 74.84).

For a complete list of the NACE headings used in this publication, please refer to page 137 of Chapter 7.

### Geographical coverage

Data are presented for Belgium, Denmark, Spain, Italy, Luxembourg, the Netherlands, Portugal, Finland, Sweden, the United Kingdom and Norway. A full set of data does not exist for each and every country. In addition, an EU aggregate has been constructed from information for seven of the Member States for which data are available for several years and for several indicators. The aggregate is only created when information for all seven countries is available and represents either the (weighted) average or the sum of individual country data. This EU aggregate is composed of information for Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

Note that Belgium participated only in the first harmonised data collection exercise. France participated in the first and second harmonised data collection exercises, and Ireland in the first one, however the data for these countries are not available for dissemination.



## 1. INTRODUCTION

### Size-class coverage

Enterprise size-class information that is presented is provided in terms of the number of employees. The total population of enterprises is split into five different employee size-classes that cover:

- enterprises with no paid employees;
- enterprises with 1-4 employees;
- enterprises with 5-9 employees;
- enterprises with 10-19 employees, and;
- enterprises with 20 or more employees.

Unless otherwise specified, the information presented refers to the total number of enterprises for all size-classes.

### Legal form

The second harmonised data collection exercise included a breakdown of information according to the legal form of the enterprise. These statistics are only available for the most recent reference period (generally 2001). Information was broken down according to the following classification:

- limited liability company (private or publicly quoted joint stock companies with limited liability for those owning shares);
- partnerships and other legal forms (personally owned limited and unlimited liability partnerships; included are also other forms such as co-operatives, associations etc);
- sole proprietors (personally owned and no limit to personal liability).

Unless otherwise specified, the information presented refers to the total number of enterprises for all legal forms.

### Timeframe

The data presented is a snapshot of the database as it stood at the end of May 2004. The data covers the period 1997 to 2001. Data should generally be published within two calendar years of the end of the reference period for which it has been collected. In the case of indicators relating to enterprise deaths, a two year lag is foreseen in order to confirm whether or not presumed deaths are reactivated. For this reason, information on enterprise deaths is generally available later than that for the active population or for newly born enterprises. Hence, for newly born enterprises and the population of active enterprises the latest data is generally for 2001, while for enterprise deaths it is generally for 2000.

### Non-availability

The colon (:) is used in tables to represent data that is not available, either because it has not been provided to Eurostat or because it is confidential. At lower levels of the NACE it is quite common to find that information is confidential. In figures (graphics), missing country information is footnoted as not available.

### Exchange rates

All monetary data are reported in euro (EUR) terms, with national currencies converted using average exchange rates prevailing for the year in question. Technically data available prior to 1 January 1999 should continue to be denominated in ECU terms, while data available after this date should be denominated in EUR terms. However, as the conversion rate was ECU 1 = EUR 1, for practical purposes the terms may be used interchangeably. In this publication all monetary series are expressed in euro. For the official exchange rates used to convert national currencies, please see below.

**Table 1.1: Exchange rates, annual average rates (1 ECU/EUR=... national currency)**

	1997	1998	1999	2000	2001
BEF/LUF	40.5332	40.6207	40.3399	40.3399	40.3399
CZK	35.9304	36.3196	36.8843	35.5995	34.0680
DKK	7.48361	7.49930	7.43556	7.45382	7.45210
DEM	1.96438	1.96913	1.95583	1.95583	1.95583
EEK	15.7150	15.7530	15.6466	15.6466	15.6466
GRD	309.355	330.731	325.820	336.678	340.750
ESP	165.887	167.184	166.386	166.386	166.386
FRF	6.61260	6.60141	6.55957	6.55957	6.55957
IEP	0.747516	0.786245	0.787564	0.787564	0.787564
ITL	1.929.30	1.943.65	1.936.27	1.936.27	1.936.27
CYP	0.582628	0.577418	0.578850	0.573924	0.575890
LVL	0.659401	0.660240	0.625601	0.559227	3.582300
LTL	4.53616	4.48437	4.26405	3.69516	0.56010
HUF	211.654	240.573	252.767	260.045	256.590
MTL	0.437495	0.434983	0.425773	0.404138	0.403000
NLG	2.21081	2.21967	2.20371	2.20371	2.20371
ATS	13.8240	13.8545	13.7603	13.7603	13.7603
PLN	3.71545	3.91784	4.22741	4.00817	3.67210
PTE	198.589	201.695	200.482	200.482	200.482
SIT	180.996	185.958	194.473	206.613	43.300
SKK	38.1061	39.5407	44.1229	42.6017	217.9797
FIM	5.88064	5.98251	5.94573	5.94573	5.94573
SEK	8.65117	8.91593	8.80752	8.44519	9.25510
GBP	0.692304	0.676434	0.658735	0.609478	0.621870
NOK	8.01861	8.46587	8.3104	8.1129	8.0484
CHF	1.644	1.62203	1.6003	1.5579	1.5105
BGN	1.90157	1.96913	1.95584	1.94792	1.94820
ROL	8.111.5	9.984.9	16.345.2	19.921.8	26.004.0
TRL	171.848	293.736	447.237	574.816	1.102.425
JPY	137.077	146.415	121.317	99.475	108.680
USD	1.13404	1.12109	1.06578	0.92194	0.89560

Source: Eurostat, Exchange rates (theme2/exint/exchrt/eurer/eurer\_an).

## Background information

The following set of tables is provided as background information that may be of use in interpreting the data within the main body of this publication.

**Table 1.2: GDP indicators**

	GDP at 1995 prices (EUR million)					GDP per inhabitant at 1995 prices (EUR per inhabitant)				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
EU-25	7 117 361	7 327 328	7 538 141	7 806 436	7 937 048	:	16 260	16 690	17 240	17 480
EU-15	6 867 062	7 067 613	7 269 939	7 527 395	7 651 322	18 320	18 810	19 300	19 910	20 150
BE	221 436	225 907	233 141	242 101	243 638	21 750	22 140	22 810	23 630	23 700
DK	145 459	149 049	152 977	157 309	159 759	27 520	28 110	28 750	29 470	29 820
ES	476 204	496 897	517 885	539 697	555 041	12 100	12 590	13 070	13 520	13 780
IT	865 400	880 925	895 581	922 691	938 969	15 050	15 300	15 540	15 970	16 219
LU	15 476	16 543	17 838	19 451	19 713	36 760	38 790	41 240	44 360	44 650
NL	339 519	354 286	368 442	381 214	385 848	21 750	22 560	23 310	23 940	24 050
PT	88 949	93 023	96 559	99 821	101 524	8 810	9 180	9 490	9 760	9 860
FI	109 529	115 005	118 883	124 969	126 300	21 310	22 320	23 020	24 140	24 340
SE	196 831	204 007	213 347	222 578	224 635	22 250	23 050	24 090	25 090	25 250
UK	920 406	949 118	975 680	1 012 536	1 034 144	15 820	16 280	16 680	17 270	17 520
NO	125 263	128 557	131 299	135 024	138 706	28 440	29 010	29 430	30 070	30 730

Source: Eurostat, National accounts, GDP and main aggregates (theme2/aggs/aggs\_gdp/a\_gdp\_k).

**Table 1.3: Population and employment indicators**

	Total population (thousands)					Total employment (thousands)				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
EU-25	432 721	434 116	435 473	437 314	439 435	:	192 189	194 228	197 145	198 901
EU-15	367 766	368 948	370 079	371 655	373 483	158 902	161 645	164 443	167 735	169 810
BE	10 153	10 175	10 214	10 239	10 263	3 886	3 957	4 011	4 088	4 149
DK	5 232	5 255	5 277	5 298	5 321	2 675	2 718	2 776	2 784	2 792
ES	38 948	39 084	39 255	39 590	39 972	14 147	14 698	15 209	15 744	16 107
IT	56 746	56 867	56 933	57 044	57 229	22 215	22 448	22 698	23 128	23 581
LU	416	420	425	430	433	228	239	251	265	280
NL	15 383	15 485	15 591	15 680	15 837	7 544	7 742	7 946	8 124	8 274
PT	10 082	10 120	10 159	10 217	10 295	4 744	4 868	4 928	5 029	5 098
FI	5 119	5 133	5 144	5 156	5 166	2 154	2 197	2 253	2 304	2 338
SE	8 804	8 818	8 834	8 857	8 889	4 015	4 078	4 163	4 264	4 345
UK	57 891	58 117	58 373	58 629	58 857	28 104	28 446	28 876	29 267	29 472
NO	4 391	4 420	4 455	4 488	4 511	2 220	2 276	2 294	2 304	2 309

Source: Eurostat, Population and social conditions, Employment indicators (theme3/employ/indic\_y).

**Table 1.4: Unemployment rates and proportion of self-employed persons (%)**

	Harmonised unemployment rates (%) (1)					Self-employed persons (% of total employment) (2)				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
EU-25	:	8.1	7.9	7.5	7.3	:	:	:	:	:
EU-15	8.6	8.1	7.5	6.7	6.4	9.4	9.1	8.8	8.5	8.5
BE	7.8	8.0	7.1	5.7	5.5	13.4	13.6	10.4	9.4	8.7
DK	4.7	4.4	4.1	4.0	3.7	4.4	4.2	4.1	4.0	4.0
ES	13.9	12.6	10.7	9.5	8.9	15.4	14.7	13.0	12.3	12.6
IT	8.5	8.7	8.6	7.9	7.4	12.3	12.0	11.8	11.4	11.5
LU	2.1	2.2	1.9	1.8	1.6	3.0	3.5	2.8	2.8	2.2
NL	4.1	3.1	2.5	2.3	1.9	7.4	6.8	6.8	7.1	7.5
PT	5.4	4.2	3.7	3.3	3.2	20.8	19.5	18.9	17.5	19.2
FI	11.0	9.7	8.6	8.1	7.6	9.9	10.3	8.8	8.5	8.4
SE	8.6	7.2	6.0	5.0	4.0	7.1	6.8	6.9	6.7	6.5
UK	5.6	4.9	4.7	4.2	3.8	9.3	9.0	8.7	8.4	8.3
NO	2.9	2.2	2.2	2.3	2.5	5.8	5.9	5.6	5.4	5.2

(1) Aged 25 years and over.

(2) Aged 15 years and over.

Source: Eurostat, Population and social conditions, Unemployment and Labour force survey (theme3/unemploy and theme3/lfs/empself and emp).

**Table 1.5: Proportion of women and part-time workers in employment (%) (1)**

	Women (% of total employment)					Part-time (% of total employment)				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
EU-25	:	:	:	:	:	:	:	:	:	:
EU-15	41.9	41.9	42.3	42.5	42.8	16.9	17.4	17.7	17.9	18.0
BE	40.7	41.1	42.2	42.3	42.1	14.7	15.7	19.8	20.7	18.5
DK	45.4	45.9	46.1	46.6	46.4	22.3	22.3	20.7	21.7	20.1
ES	35.1	35.1	35.7	36.7	37.0	8.2	8.0	8.2	8.0	8.1
IT	36.1	35.9	36.4	36.8	37.5	7.1	7.4	7.9	8.8	9.1
LU	37.3	37.4	39.2	39.2	40.0	8.3	9.4	10.8	11.0	11.4
NL	41.4	41.6	42.5	42.8	43.3	38.0	38.8	39.4	41.2	42.2
PT	45.0	44.6	44.9	45.0	45.1	9.9	11.1	11.1	10.9	11.3
FI	47.4	47.4	47.5	47.4	47.7	11.4	11.7	12.2	12.2	12.0
SE	47.7	47.1	47.6	47.9	47.8	24.4	23.9	23.8	22.8	21.0
UK	44.8	44.7	44.8	44.8	44.8	24.9	24.9	24.8	24.8	24.8
NO	46.4	46.7	46.9	46.8	46.9	27.2	26.6	26.5	26.2	26.0

(1) Aged 15 years and over.

Source: Eurostat, Population and social conditions, Labour force survey (theme3/lfs/empftpt and emp).

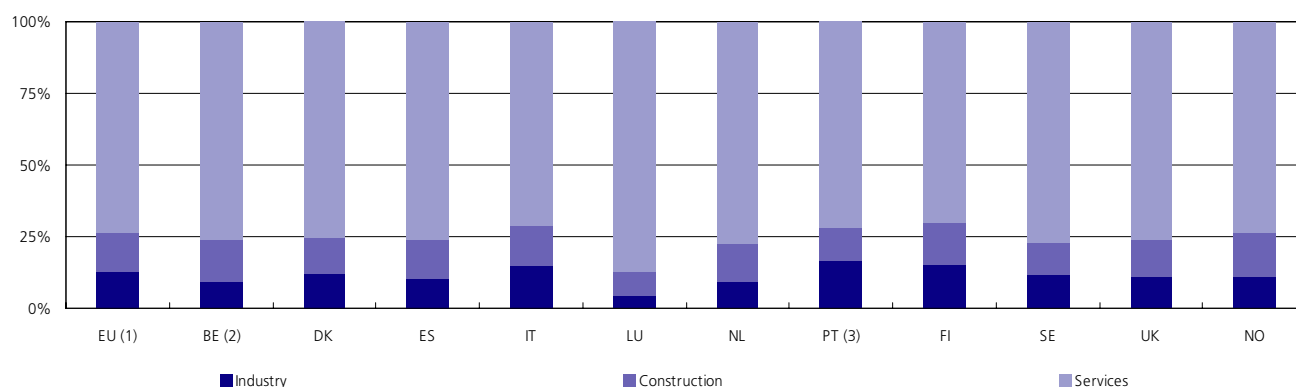
## 2. STOCK OF ACTIVE ENTERPRISES

This chapter provides a general overview of the business enterprise population. It concentrates on aggregated data for industry (NACE Sections C to E), construction (NACE Section F) and services (NACE Sections G to K). The data presented for the EU aggregate has been created from the following list of countries: Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden. This aggregate is either the sum of the seven countries or the (weighted) average for the seven countries.

The services sector dominated the business economy in each of the countries covered by this data collection exercise. On average, almost three quarters (73.6 %) of all business economy (NACE Sections C to K) enterprises were active within the services sector in 2001, providing work to 59.6 % of the total number of persons employed (see Figures 2.1 and 2.2). Services accounted for between 70.0 % of all enterprises in the business economy in Finland and 87.4 % of the total in Luxembourg. In terms of its contribution to employment, the services sector accounted for between 53 and 55 % of the workforce in Italy, Portugal and Finland, while this share was 70 % or more in Luxembourg, the Netherlands and the United Kingdom (2000).

In contrast, only 12.6 % of active enterprises were found in industry for the EU aggregate, although these enterprises provided work to 28.6 % 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 on average employed 10.6 persons across the seven countries that compose the EU aggregate, compared with an average of 3.8 for services. The average number of persons employed in construction enterprises was similar to that in services, at 4.0 persons per enterprise.

**Figure 2.1: Proportion of active enterprises in the business economy, 2001**



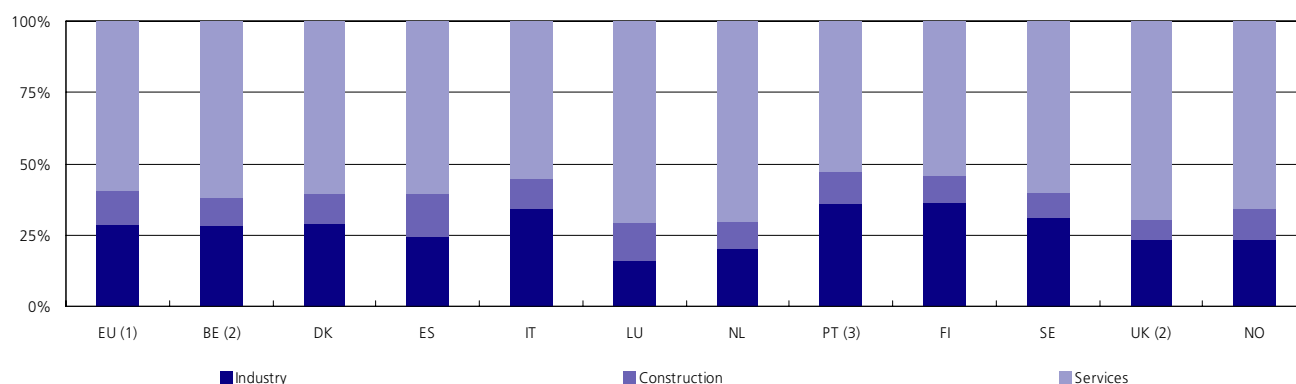
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 2.2: Proportion of persons employed in the business economy, 2001**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

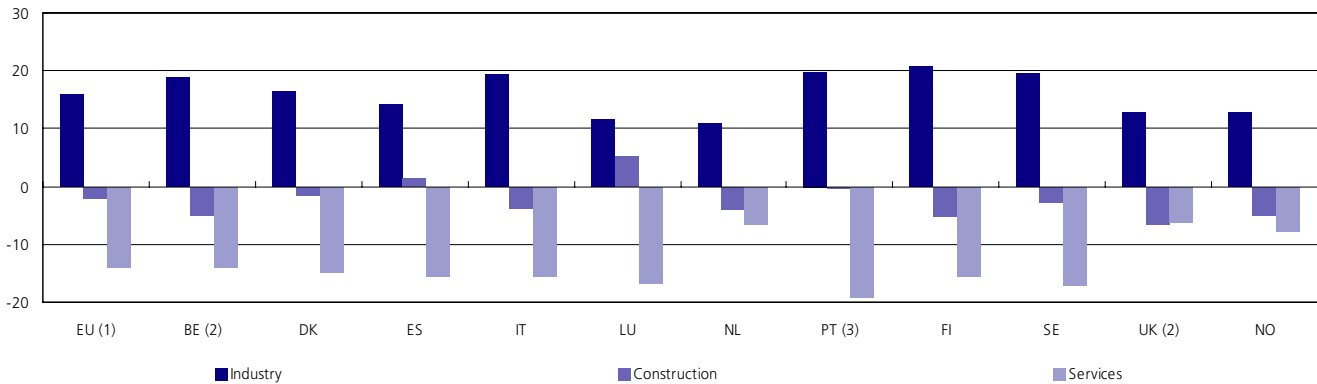
(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 2. STOCK OF ACTIVE ENTERPRISES

**Figure 2.3: Difference between the proportion of persons employed in the business economy and the proportion of active enterprises in the business economy, 2001 (percentage points)**



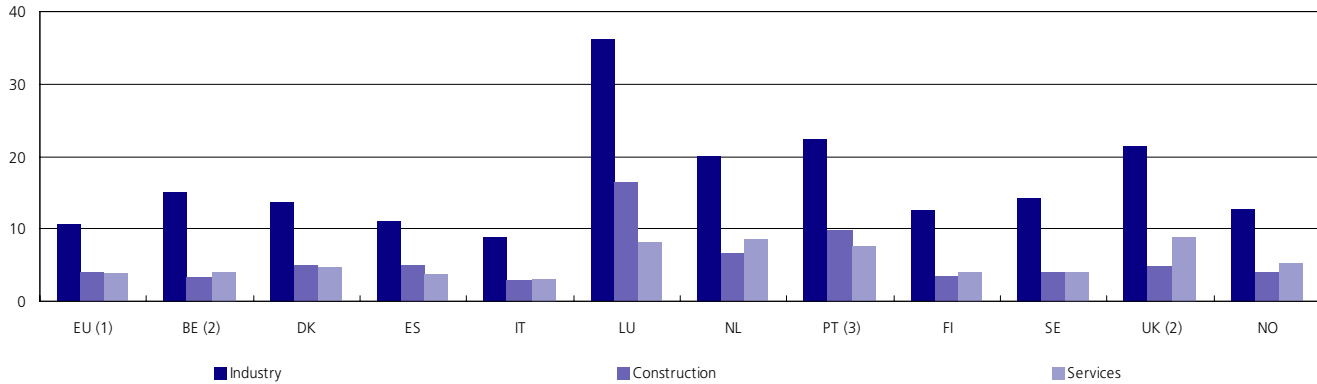
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 2.4: Average size (in terms of the number of persons employed) of active enterprises, 2001 (units)**



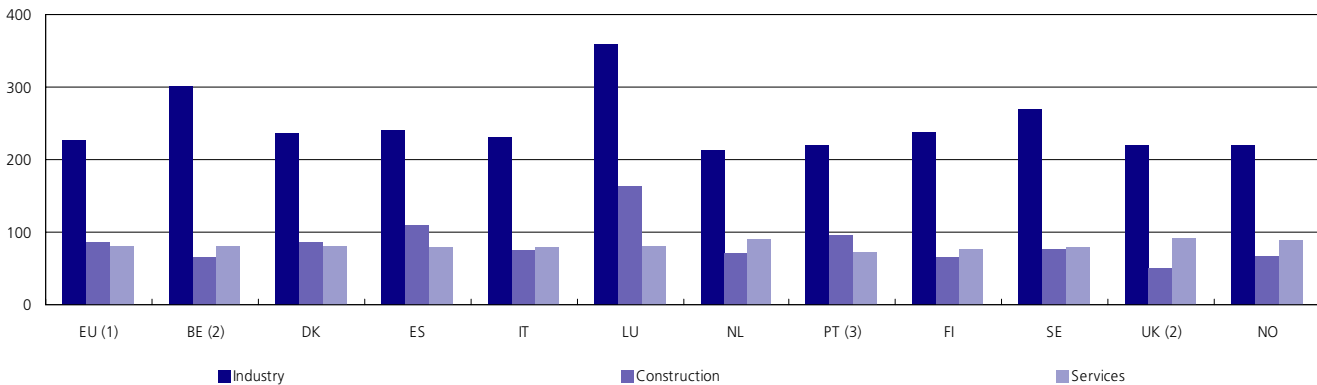
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 2.5: Average size (in terms of the number of persons employed) of active enterprises relative to business economy average, 2001 (%)**



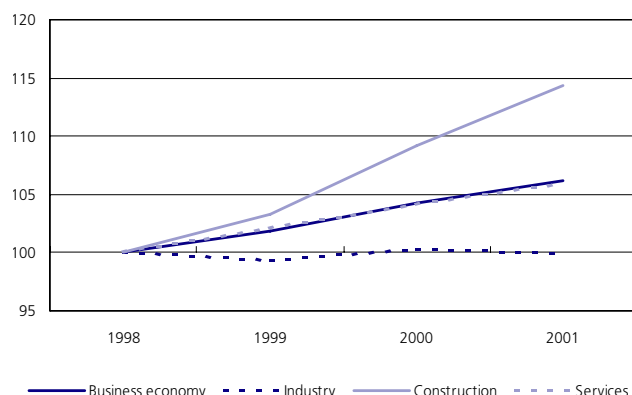
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

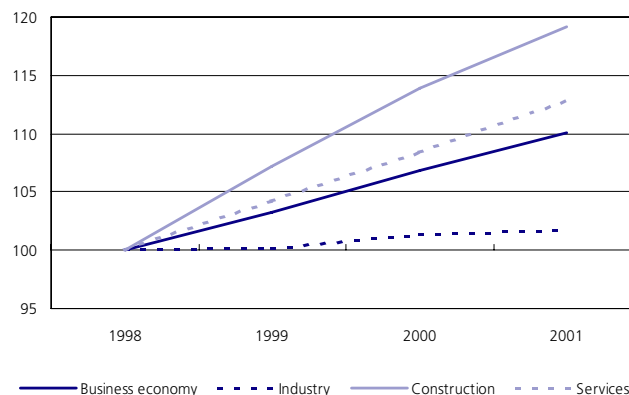
**Figure 2.6: Index of the number of active enterprises, EU (1998=100) (1)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 2.7: Index of the number of persons employed, EU (1998=100) (1)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 2.1: Sectors with the fastest growth for the number of active enterprises, relative to national business economy averages**

	1999	2000	2001
EU (1)	Construction	Construction	Construction
BE	Construction	Construction	:
DK	Construction	Construction	Construction
ES	Construction	Construction	Construction
IT	Services	Construction	Construction
LU	Services	Services	Services
NL	Construction	Construction	Construction
PT (2)	Construction	Construction	Industry
FI	Construction	Construction	Construction
SE	Industry	Construction/services	Construction
UK	Services	Services	Industry
NO	Services	Services	Construction

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 2.2: Sectors with the fastest growth for the number of persons employed, relative to national business economy averages**

	1999	2000	2001
EU (1)	Construction	Construction	Construction
BE	Services	Construction	:
DK	Construction	Construction	Services
ES	Construction	Construction	Construction
IT	Construction	Construction	Services
LU	Services	Services	Services
NL	Services	Services	Construction
PT (2)	Services	Services	Industry
FI	Construction	Construction	Services
SE	Construction	Services	Services
UK	Construction	Construction	:
NO	Services	Services	Construction

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## EVOLUTION OVER TIME

Figures 2.6 and 2.7 show the evolution of the number of enterprises and the number of persons employed for industry, construction and services. The highest growth for both the number of enterprises and persons employed was recorded for construction, as the number of enterprises rose, on average, by 4.6 % per annum between 1998 and 2001, while the corresponding growth rate for persons employed averaged 6.0 % per annum. This pattern was repeated at a national level, where the construction sector generally recorded the highest growth rates for these two indicators - see Tables 2.1 and 2.2.

## 2. STOCK OF ACTIVE ENTERPRISES

### THE INDUSTRIAL ECONOMY

Within the industrial sector, the largest number of enterprises was present within the activity of basic metals and fabricated metal products. This subsector accounted for 17.8 % of all industrial enterprises and 15.1 % of industrial employment - see Table 2.3. Three other sectors had relatively high shares of the number of enterprises, textiles, agro-food (including tobacco) and manufacturing n.e.c., that accounted for 11.8 %, 11.6 % and 10.3 % of all industrial enterprises respectively. Note that these proportions are considerably different from the economic weight of each of these subsectors, as measured by indicators such as value added or production.

As regards employment, agro-food industries accounted for 11.2 % of the total industrial workforce, while 10.4 % of those employed were active in the machinery and equipment sector. The corresponding share for the textiles sector was lower at 8.7 %, with more persons employed in the electrical and optical equipment subsector (9.2 % of the industrial total). These figures underline the relatively small average size of enterprises in the textiles sector, where 7.8 persons were employed per enterprise on average. Only manufacturing n.e.c. (7.2 persons) and wood manufacturing (4.7 persons) reported a lower average number of persons employed per enterprise. The highest number of persons employed per enterprise was found in coke, refined petroleum and nuclear fuel activities, where 74.6 persons were employed on average per enterprise; twice the value recorded for transport equipment (37.6 persons) or chemicals (36.8 persons).

There was a reduction in the number of active enterprises and employment levels for several industrial subsectors. In the cases where industrial employment rose, net job creation remained limited to growth of less than 2.0 % per annum, except for basic metals (2.2 %).

### THE SERVICES SECTOR

Within the services sector, practically half of all the enterprises were active in either retail trade (26.2 %) or other business activities (22.2 %) - see Table 2.4. Together these two sectors accounted for around two fifths of services employment (20.6 % and 21.0 % respectively). Most services activities reported an average number of persons employed that was inferior to five persons per enterprise. The lowest value was registered for real estate services (1.8), although some services sectors had a significantly higher average number of persons employed per enterprise, namely financial services (35.9), post and telecommunications (46.2) and insurance (56.5), while the maximum was recorded for air transport (127.2).

Only four services sectors (at the NACE Division level) reported a decrease in their respective number of active enterprises (the retail trade, land transport, water transport and insurance sectors) between 1998 and 2001, while all services sectors boasted net job creation. Those activities that reported employment growth that was above the services average of 4.1 % per annum represented approximately 50 % of employment in the services sector. Their growth rates ranged from 4.3 % per annum (auxiliary financial activities) to 13.8 % per annum (computer and related activities).

Table 2.3: Structure of the industrial sector, EU, 2001 (1)

	Share of the number of enterprises (%)	Share of the number of persons employed (%)	Average number of persons employed per enterprise (units)	Average annual growth rate of the number of enterprises 1998-2001 (%)	Average annual growth rate of the number of persons employed 1998-2001 (%)
Industry	100.0	100.0	10.6	0.0	0.6
Mining and quarrying	1.0	1.0	11.2	-1.2	-2.6
Manufacturing:					
Food products, beverages and tobacco	11.6	11.2	10.3	-1.4	0.0
Textiles and textile products	11.8	8.7	7.8	-2.1	-2.6
Leather and leather products	3.3	2.6	8.6	-1.7	-1.9
Wood and wood products	8.4	3.7	4.7	-0.5	1.4
Pulp, paper, publishing and printing	8.6	7.4	9.2	1.1	0.3
Coke, refined petroleum and nuclear fuel	0.1	0.4	74.6	-0.4	-3.2
Chemicals and chemical products	1.4	4.8	36.8	-0.1	0.4
Rubber and plastic products	2.4	4.1	17.8	-0.4	1.9
Other non-metallic mineral products	4.7	5.0	11.4	0.2	1.5
Basic metals and metal products	17.8	15.1	9.0	1.7	2.2
Machinery and equipment n.e.c.	7.6	10.4	14.6	1.3	1.6
Electrical and optical equipment	7.9	9.2	12.4	0.1	1.5
Transport equipment	1.8	6.5	37.6	1.7	0.0
Manufacturing n.e.c.	10.3	7.0	7.2	-0.4	1.8
Electricity, gas and water supply	1.4	2.7	20.7	3.4	-2.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 2.4: Structure of the services sector, EU, 2001 (1)

	Share of the number of enterprises (%)	Share of the number of persons employed (%)	Average number of persons employed per enterprise (units)	Average annual growth rate of the number of enterprises 1998-2001 (%)	Average annual growth rate of the number of persons employed 1998-2001 (%)
Services	100.0	100.0	3.8	1.9	4.1
Motor trades	5.1	5.0	3.7	0.1	2.0
Wholesale trade	13.4	13.4	3.8	0.5	2.0
Retail trade	26.2	20.6	3.0	-0.2	2.6
Hotels and restaurants	11.1	11.0	3.8	1.4	4.3
Land transport	7.1	6.9	3.7	-0.8	1.4
Water transport	0.1	0.4	11.6	0.0	1.9
Air transport	0.0	0.6	127.2	1.9	3.9
Auxiliary transport activities	1.1	3.1	10.8	4.3	10.0
Post and telecommunications	0.3	3.4	46.2	5.9	0.7
Financial intermediation	0.5	4.5	35.9	2.0	1.6
Insurance and pension funding	0.1	1.0	56.5	-1.0	0.8
Auxiliary financial activities	2.3	1.3	2.2	2.9	4.3
Real estate activities	6.1	2.9	1.8	3.8	4.7
Renting	0.9	0.7	2.8	4.2	7.6
Computer and related activities	3.0	3.8	4.8	11.1	13.8
Research and development	0.5	0.5	3.9	4.5	8.3
Other business activities	22.2	21.0	3.6	5.5	7.3

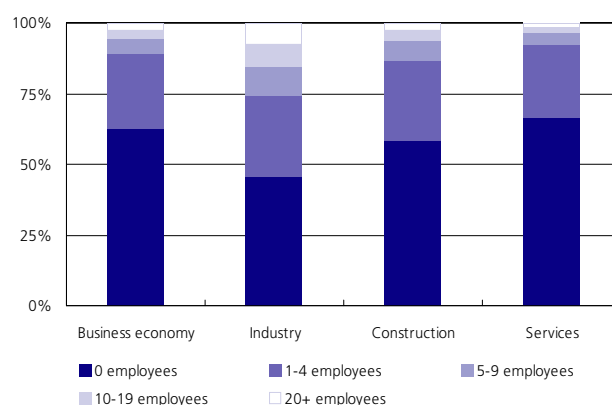
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### SIZE-CLASS BREAKDOWN AND BREAKDOWN BY LEGAL FORM

While almost 9 out of 10 enterprises (89.2 %) in the business economy had less than five employees, this sub-population of enterprises accounted for slightly less than one third of total employment (31.2 %) - see Table 2.5 overleaf. The proportion of very small enterprises with less than five employees was highest in Italy at 91.8 % of the total, while in the Luxembourg and the United Kingdom the share was below 80 % (note that the data for Portugal exclude sole proprietors, explaining the abnormally low proportion of enterprises without employees). Note also that the second half of Table 2.5 refers to persons employed, while size-class thresholds are given in terms of employees. The former includes sole proprietors, employees and unpaid family workers, hence explaining how enterprises with zero employees account for a proportion of the number of persons employed.

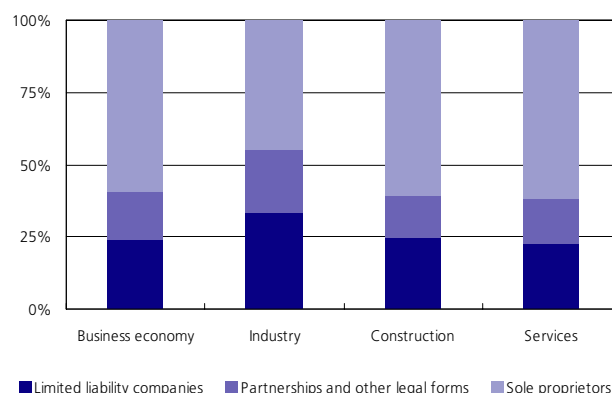
Some 51 % of those employed in the EU's business economy worked in enterprises with 20 or more employees, while this same sub-population represented only 2.4 % of the total number of enterprises. Enterprises with 20 or more employees accounted for two thirds (66.9 %) of the total workforce in industry, compared with 36.2 % in construction and 46.3 % in services. Across countries, 71.7 % of those employed in Luxembourg's business economy worked in an enterprise with 20 or more employees, a share that fell to below 50 % in Spain and Italy.

Figure 2.8: Proportion of each size-class in the total number of active enterprises, EU, 2001 (1)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 2.9: Proportion of each legal form in the total number of active enterprises, EU, 2001 (1)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 2. STOCK OF ACTIVE ENTERPRISES

**Table 2.5: Breakdown by size-class of the number of enterprises and the number of persons employed, business economy, 2001**

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK	NO
<i>Active enterprises: proportion of each size-class in total (%)</i>												
0 employees	62.6	63.5	60.3	53.6	72.8	40.7	38.7	1.3	59.2	62.0	22.8	50.8
1-4 employees	26.6	25.2	27.0	34.0	18.9	34.9	43.7	64.0	28.6	26.2	56.3	31.3
5-9 employees	5.4	:	5.6	6.8	4.2	10.8	6.5	17.5	6.0	5.9	10.4	9.0
10-19 employees	2.9	:	3.5	3.1	2.4	6.5	5.5	9.2	3.2	3.1	5.7	4.9
20+ employees	2.4	:	3.6	2.5	1.7	7.1	5.6	8.0	3.1	2.8	4.8	4.0
<i>Persons employed: proportion of each size-class in total (%)</i>												
0 employees	15.3	:	9.4	12.9	23.6	2.6	4.5	0.2	3.7	10.9	:	6.5
1-4 employees	16.0	:	10.7	18.7	16.6	8.8	13.7	12.9	11.2	10.5	:	11.5
5-9 employees	8.8	:	6.8	10.4	9.0	7.8	5.8	11.1	7.5	7.3	:	10.3
10-19 employees	9.0	:	8.4	9.5	9.1	9.0	8.5	12.0	8.2	8.0	:	11.1
20+ employees	51.0	:	64.8	48.6	41.7	71.7	67.5	63.8	69.3	63.2	:	60.6

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 2.6: Breakdown by legal form of the number of enterprises and the number of persons employed, business economy, 2001**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Active enterprises: proportion of each legal form in total (%)</i>												
Limited liability companies	24.2	:	26.2	31.5	13.6	69.7	35.3	95.7	43.6	42.2	47.7	49.6
Partnerships and other legal forms	16.2	:	12.6	6.9	21.8	4.4	22.9	4.3	18.5	17.3	18.1	6.8
Sole proprietors	59.5	:	61.1	61.7	64.6	25.9	41.7	:	37.9	40.5	34.3	43.6
<i>Persons employed: proportion of each legal form in total (%)</i>												
Limited liability companies	63.6	:	71.6	69.7	48.7	85.5	72.9	95.7	86.5	82.2	:	78.9
Partnerships and other legal forms	16.2	:	10.5	8.3	24.8	7.5	18.0	4.3	8.3	8.8	:	10.0
Sole proprietors	20.3	:	18.0	22.0	26.5	7.0	9.0	:	5.2	9.0	:	11.1

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Mirroring the size-class distribution, a breakdown by legal form (see Table 2.6) shows that the majority of enterprises in the business economy were sole proprietorships (59.5 %), while these accounted for 20.3 % of the total number of persons employed. In contrast, limited liability companies represented only 24.2 % of enterprises in the business economy, while employing 63.6 % of the workforce. Sole proprietorships accounted for more than 60 % of all enterprises in Denmark, Spain and Italy, but only 25.9 % of the total in Luxembourg and 34.3 % in the United Kingdom <sup>(1)</sup>.

<sup>(1)</sup> Belgium and Portugal, not available.



### 3. NEWLY BORN ENTERPRISES

The determinants of entrepreneurship are widely discussed both within economic literature and among policy makers. The birth of new enterprises is often seen as one of the key determinants of economic growth and competitiveness in a modern economy. Enterprise births are thought to increase the competitive pressure on incumbent enterprises, forcing them to increase their efficiency. As such, they stimulate innovation and facilitate the adoption of new technologies while helping to increase overall productivity within an economy, while also promoting a shift of resources from less to more productive activities. Schumpeter described this process as creative destruction, as the foundation of a capitalist market economy <sup>(1)</sup>, whereby technological innovations and new ideas about how to conduct business continually give rise to new enterprises competing with established ones and eventually driving-out old technologies.

The birth of an enterprise may be the result of a number of different factors. The main incentive to business creation from the theoretical point of view is the expectation of profit making. If the main objective of newly born enterprises is to make profits, enterprise births are most likely to occur in activities where profits are consistent and high, while deaths will be relatively more frequent in consistently loss making activities. There may be more detailed evidence that suggests that entry and exit rates are generally linked to the maturity of a sector, whereby birth rates are generally lower in mature industries than they are in more modern activities. Enterprise creation may also be facilitated (or hindered) by market conditions or publicly-financed initiatives. These include, among others, the level of domestic demand, favourable factors (for example, ease of access to capital, a skilled workforce, adequate infrastructure or natural resource endowments), the presence of related or supporting

<sup>(1)</sup> J.A. Schumpeter, *Capitalism, Socialism and Democracy*, 1942.

industries and a positive environment for business development (for example, a spirit of entrepreneurship, management tradition and a competitive market) <sup>(2)</sup>. Policy makers can influence all four of these determinants, for example through initiatives supporting enterprises either directly (financial support) or indirectly (through adapting the business infrastructure), for example, by means of fiscal measures or by developing favourable educational policies. A number of other factors may influence potential entrepreneurs, for example, self-employment (with a related enterprise birth) may be seen as an alternative to unemployment and there may be other psychological factors pulling persons into self-employment other than just profits, such as a sense of independence, status, responsibility and achievement.

From a statistical point of view, an enterprise birth is defined as 'the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. It does not include entries into a sub-population resulting only from a change of activity <sup>(3)</sup>.

In practice, it may prove difficult to distinguish between genuine enterprise creations and false births, such as mere changes in ownership, legal form, name, location or mergers. The data set presented in this publication is the result of significant efforts to produce harmonised data on enterprise demography taking into account real and false births. This effort was notably supported by the harmonisation of business registers in Member States.

<sup>(2)</sup> The combination of these four factors are sometimes referred to as *Porter's diamond* in reference to Prof. Michael Porter's work on competitive advantage of firms and nations.

<sup>(3)</sup> Commission Regulation no. 2700/98.

**Table 3.1: Number of enterprise births (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	40 935	24 755	245 173	409 272	2 702	:	67 257	20 009	:	153 155	24 593
1999	651 111	:	27 562	243 983	278 104	2 887	49 999	57 927	17 869	30 707	164 425	24 135
2000	675 233	33 876	26 137	251 328	291 856	2 752	50 475	55 648	17 034	35 651	154 630	22 306
2001	666 497	:	24 275	241 270	294 866	2 805	52 053	18 198	16 902	34 326	:	22 315
<i>Industry</i>												
1998	:	2 474	1 878	20 364	47 471	80	:	8 173	2 381	:	13 020	1 897
1999	60 570	:	1 884	19 107	31 201	75	3 458	7 916	1 949	2 896	13 970	1 934
2000	60 868	1 978	1 809	18 940	31 761	76	3 233	6 008	1 896	3 153	12 665	1 448
2001	57 129	:	1 602	17 786	29 789	70	3 187	2 282	1 832	2 863	:	1 258
<i>Construction</i>												
1998	:	5 411	2 817	38 432	64 992	185	:	13 927	3 192	2 722	18 905	2 982
1999	105 302	4 565	2 962	41 711	47 596	171	6 607	11 574	3 117	3 138	20 345	2 768
2000	113 507	4 336	3 323	45 780	49 436	164	7 777	13 070	3 082	3 945	18 265	2 574
2001	112 874	:	2 952	45 615	48 990	166	8 517	2 787	2 916	3 718	:	3 293
<i>Services</i>												
1998	:	33 050	20 060	186 377	296 809	2 437	:	45 157	14 436	25 630	121 230	19 714
1999	485 239	27 654	22 716	183 165	199 307	2 641	39 934	38 437	12 803	24 673	130 110	19 433
2000	500 858	27 562	21 005	186 608	210 659	2 512	39 465	36 570	12 056	28 553	123 700	18 284
2001	496 494	:	19 721	177 869	216 087	2 569	40 349	13 129	12 154	27 745	:	17 764

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

**Table 3.2: Proportion of enterprise births in the business economy total (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>1998</b>												
Industry	:	6.0	7.6	8.3	11.6	3.0	:	12.2	11.9	:	8.5	7.7
Construction	:	13.2	11.4	15.7	15.9	6.8	:	20.7	16.0	:	12.3	12.1
Services	:	80.7	81.0	76.0	72.5	90.2	:	67.1	72.1	:	79.2	80.2
<b>1999</b>												
Industry	9.3	:	6.8	7.8	11.2	2.6	6.9	13.7	10.9	9.4	8.5	8.0
Construction	16.2	:	10.7	17.1	17.1	5.9	13.2	20.0	17.4	10.2	12.4	11.5
Services	74.5	:	82.4	75.1	71.7	91.5	79.9	66.4	71.6	80.3	79.1	80.5
<b>2000</b>												
Industry	9.0	5.8	6.9	7.5	10.9	2.8	6.4	10.8	11.1	8.8	8.2	6.5
Construction	16.8	12.8	12.7	18.2	16.9	6.0	15.4	23.5	18.1	11.1	11.8	11.5
Services	74.2	81.4	80.4	74.2	72.2	91.3	78.2	65.7	70.8	80.1	80.0	82.0
<b>2001</b>												
Industry	8.6	:	6.6	7.4	10.1	2.5	6.1	12.5	10.8	8.3	:	5.6
Construction	16.9	:	12.2	18.9	16.6	5.9	16.4	15.3	17.3	10.8	:	14.8
Services	74.5	:	81.2	73.7	73.3	91.6	77.5	72.1	71.9	80.8	:	79.6

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

#### 3.1: OVERVIEW

The importance of the services sector with respect to enterprise creation is evidenced by the figures on the number of enterprise births for seven participating countries <sup>(4)</sup>, referred to hereafter as the EU aggregate. On average three out of every four newly born enterprises in 2001 in the business economies of these seven countries was found to be operating in the services sector (74.5 %), while the corresponding proportions for construction and industry were 16.9 % and 8.6 % of the total respectively.

At a national level, a similar distribution was observed across these three main economic aggregates, as the highest proportion of newly born enterprises was consistently recorded within the services sector, while the lowest number was always recorded for industry (see Table 3.2). As a general rule, countries from the north of Europe reported a higher concentration of births within services activities, while construction and industry accounted for a relatively higher proportion of births in southern European countries, although Finland was a notable exception.

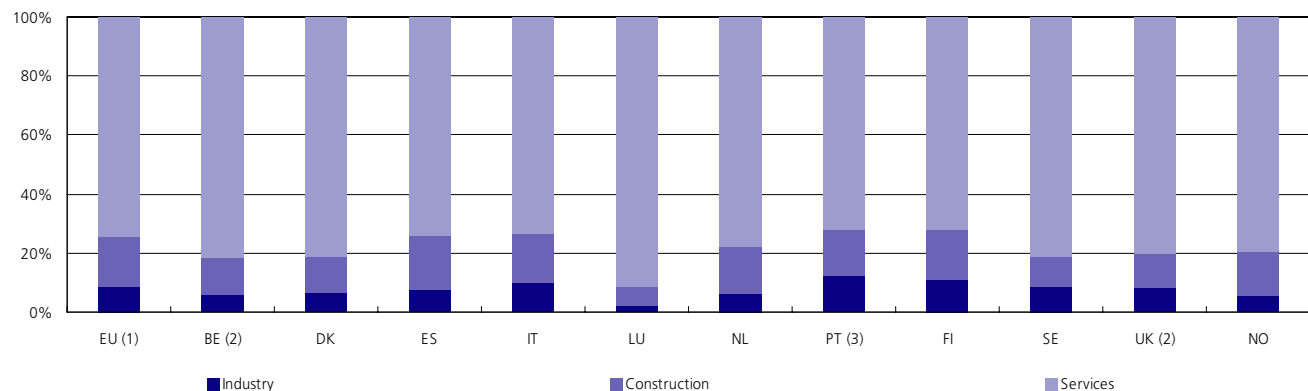
Luxembourg reported the highest concentration of newly born enterprises in the services sector (91.6 % in 2001), while a number of the other countries reported births within services close to 80 %. These included Belgium and the United Kingdom (81.4 % and 80.0 % in 2000), Denmark, Sweden and Norway (81.2 %, 80.8 % and 79.6 %, all 2001). In contrast, Spain, Italy and Portugal all reported less than three quarters of their enterprise births within the services sector, while the lowest figure was recorded in Finland (71.9 %).

Spain and Finland reported a relatively high proportion of births in the construction sector, some 18.9 % and 17.3 % of the total in 2001. There were also relatively high shares in Italy (16.6 %), the Netherlands (16.4 %) and Portugal (15.3 %), although this latter figure was considerably lower than that recorded during the period 1998 to 2000, when upwards of 20 % of enterprise births in Portugal were in the construction sector. Most of the other countries reported that the construction sector accounted for just over one in ten newly born enterprises, although a particularly low share was recorded in Luxembourg (5.9 %) <sup>(5)</sup>.

<sup>(4)</sup> Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

<sup>(5)</sup> Belgium and the United Kingdom, 2000.

**Figure 3.1: Proportion of enterprise births in the business economy total, 2001**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.3: Enterprise birth rates (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	8.5	10.1	9.7	11.4	13.2	:	9.5	8.5	:	9.1	12.3
1999	8.4	:	10.9	9.6	7.6	13.4	9.6	8.0	7.6	6.3	9.6	11.4
2000	8.5	7.0	10.0	9.7	7.8	12.4	9.4	7.6	7.3	7.0	8.9	10.3
2001	8.3	:	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	:	10.1
<i>Industry</i>												
1998	:	5.4	5.9	7.7	8.2	8.1	:	8.0	6.6	:	6.7	7.7
1999	6.0	:	5.9	7.3	5.4	7.4	6.8	7.7	5.5	5.0	7.2	7.7
2000	6.0	4.4	5.6	7.1	5.5	7.5	6.3	5.8	5.4	5.3	6.9	5.8
2001	5.6	:	5.1	6.6	5.2	6.8	6.3	5.6	5.2	4.7	:	5.3
<i>Construction</i>												
1998	:	7.8	9.6	12.5	13.3	10.6	:	11.6	9.7	5.1	8.5	8.8
1999	10.5	6.5	9.7	13.0	9.5	9.5	10.4	9.3	9.4	5.7	8.9	8.2
2000	10.7	6.2	10.3	13.2	9.5	9.1	11.4	10.1	9.0	6.9	8.0	7.7
2001	10.1	:	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	:	9.5
<i>Services</i>												
1998	:	9.0	10.9	9.6	11.7	13.7	:	9.2	8.7	7.0	9.6	13.9
1999	8.5	7.5	11.9	9.3	7.7	14.1	9.8	7.7	7.7	6.6	10.0	12.8
2000	8.6	7.5	10.6	9.4	7.9	13.0	9.5	7.3	7.3	7.3	9.4	11.5
2001	8.4	:	10.0	8.8	7.9	12.8	9.6	7.5	7.4	6.9	:	10.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Portugal reported the highest concentration of births within the industrial sector (12.5 % in 2001). Only two other countries saw at least one in ten newly born enterprises in the industrial economy, namely Finland (10.8 %) and Italy (10.1 %). Only 2.5 % of newly born enterprises in Luxembourg were established in an industrial activity in 2001 <sup>(6)</sup>.

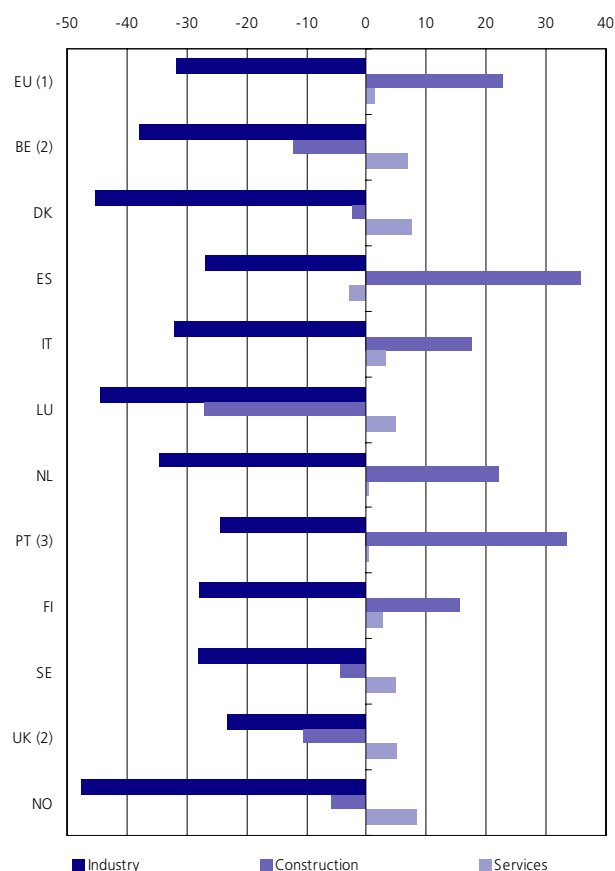
The birth rate can be viewed as an indicator of the attractiveness of a given activity to entrepreneurs. On average, enterprise births represented, in just over half of the countries, more than 9.0 % of the stock of active enterprises in the business economy in 2001 - see Table 3.3. Luxembourg reported the highest birth rate (12.2 %) while Belgium (7.0 %, 2000) and Sweden (6.6 %) recorded the lowest rates.

Looking at a sectoral breakdown for the three main aggregates of industry, construction and services, the highest birth rates were registered in either the construction or services sector, while the lowest birth rates were usually recorded for industry <sup>(7)</sup>. There was a geographical split in that the highest birth rates were generally recorded for construction among the southern European countries and for services among the northern European countries (with the exception of Finland). In contrast, the lowest birth rates were consistently recorded for industrial activities and sometimes birth rates for industry were almost half the business economy average (see Figure 3.2), ranging from a high of 6.9 % in the United Kingdom (2000) and 6.8 % in Luxembourg down to 4.7 % in Sweden and 4.4 % in Belgium (2000).

<sup>(6)</sup> Belgium and the United Kingdom, 2000.

<sup>(7)</sup> Belgium and the United Kingdom, 2000.

Figure 3.2: Difference between birth rates for the main economic aggregates and birth rates for business economy averages, 2001 (%)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

An alternative measure of birth rates is to look at the number of newly born enterprises in relation to population, or more specifically in relation to those aged between 20 and 59 years old, in other words potential entrepreneurs (see Table 3.5). There were 111.5 newly born enterprises in the whole of the business economy in Luxembourg in 2001 for every 10 000 inhabitants aged between 20 and 59 years old. Spain (104.0) was the only other country to record a value above 100. As such, Luxembourg and Spain were the only countries where a new enterprise was born for every 100 inhabitants aged 20 to

59 years old in 2001. There were also relatively high ratios reported by Italy (90.8 newly born enterprises per 10 000 inhabitants aged 20 to 59 years old) and Norway (90.2). In contrast, Finland (58.8), the Netherlands (56.7) and the United Kingdom (47.6, 2000) all reported a much lower density of newly born enterprises in relation to their populations. Note that as enterprise birth rates have tended to fall in recent years the ratios for this indicator have also fallen, as the number of inhabitants aged between 20 and 59 has remained relatively stable.

**Table 3.4: Density of birth rate, number of enterprise births per 10 000 population, business economy (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
1998	:	40.1	46.7	62.1	71.1	63.4	:	66.4	38.8	:	25.9	55.5
1999	49.0	:	51.8	61.6	48.2	66.8	31.6	56.9	34.6	34.7	27.6	54.1
2000	50.6	33.0	48.9	62.9	50.5	62.9	31.7	54.4	32.9	40.2	25.9	49.7
2001	49.8	:	45.3	59.9	51.0	63.5	32.4	:	32.6	38.6	:	49.4

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.5: Density of birth rate, number of enterprise births per 10 000 population aged 20-59, business economy (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
1998	:	73.6	82.3	110.7	125.7	111.8	:	120.4	69.8	:	47.7	101.5
1999	86.9	:	91.4	108.7	85.5	118.1	55.0	102.8	62.3	64.6	50.9	98.8
2000	89.6	60.6	86.6	110.1	89.9	110.9	55.2	97.9	59.3	74.9	47.6	90.7
2001	88.0	:	80.5	104.0	90.8	111.5	56.7	:	58.8	71.9	:	90.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.6: Number of persons employed among newly born enterprises (thousands)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	48.0	31.7	519.5	568.6	5.2	:	134.0	10.3	:	342.6	40.8
1999	1 095.5	:	35.7	510.0	400.1	5.1	105.1	98.0	6.6	33.0	:	33.7
2000	:	39.6	35.3	526.1	417.5	4.5	:	86.9	6.4	48.2	:	29.1
2001	1 132.8	:	33.9	480.0	451.4	4.8	112.5	66.9	5.8	44.6	:	28.9
<i>Industry</i>												
1998	:	4.4	2.9	78.9	80.9	0.3	:	27.3	1.3	:	40.6	4.6
1999	156.3	:	3.0	79.1	61.0	0.2	9.0	20.2	0.6	3.3	:	4.2
2000	:	3.7	2.9	76.8	62.7	0.2	:	14.5	0.7	4.1	:	2.7
2001	137.8	:	2.5	58.7	62.3	0.1	9.7	15.0	0.6	3.8	:	2.6
<i>Construction</i>												
1998	:	5.9	3.9	115.9	89.9	0.9	:	25.6	2.0	3.5	35.1	4.8
1999	211.5	5.4	4.5	119.6	70.8	0.8	11.0	17.9	1.5	3.4	41.8	3.9
2000	225.6	4.9	4.8	129.0	71.8	0.6	12.9	16.9	1.2	5.3	37.6	2.9
2001	228.1	:	4.0	126.5	77.6	0.5	13.3	13.8	1.2	5.1	:	3.8
<i>Services</i>												
1998	:	37.7	24.9	324.7	397.8	3.9	:	81.1	7.0	32.4	266.9	31.3
1999	727.7	32.8	28.2	311.3	268.2	4.2	85.1	60.0	4.5	26.3	306.3	25.7
2000	767.6	31.0	27.6	320.3	282.9	3.8	89.6	55.5	4.5	38.8	316.4	23.5
2001	766.9	:	27.4	294.8	311.5	4.1	89.5	38.0	4.0	35.7	:	22.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3.2: ACTIVITY BREAKDOWN

While services and construction appeared, on aggregate, as the sectors with the highest number of births and the highest birth rates, a more detailed activity breakdown suggests that there were considerable differences in the number and rate of births recorded for particular activities within industry, construction and services.

Table 3.8 shows, for the EU aggregate, that more than three out of every four new enterprises that were born in 2001 were active in business services (NACE Section K, 31.5%), distributive trades (NACE Section G, 27.5%) or construction (NACE Section F, 16.9%). These figures are not surprising given that the same three activities accounted for the highest concentration of active enterprises in the business economy (see Chapter 2). This pattern was reproduced in most of the countries for which data are available, although in Spain and Portugal there was a higher number of newly born enterprises in the construction sector than there was for business services. In Luxembourg, the important role of financial services in the national economy was underlined by the fact that newly born enterprises in this sector represented 13.7% of the total number of enterprise births in 2001, while the corresponding share was below 3.0% in all other countries, except the Netherlands (7.1%). There was a relatively high proportion of enterprise births within the hotels and restaurants sector in Belgium (12.0%, 2000), Spain (also 12.0%), the United Kingdom (11.1%, 2000) and Luxembourg (10.4%).

**Table 3.7: Number of enterprise births, 2001 (units)**

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Mining and quarrying	398	6	23	171	122	3	21	59	40	18	325	114
Food products, beverages and tobacco	5 770	267	76	1 660	3 601	6	214	227	103	110	585	97
Textiles and textile products	:	122	159	2 683	4 767	:	189	366	314	267	980	55
Leather and leather products	2 088	:	8	610	1 426	0	11	92	19	14	65	:
Wood and wood products	3 513	94	49	920	1 918	0	120	187	132	374	595	:
Pulp, paper, publishing and printing	5 561	389	316	2 307	1 686	16	431	237	236	569	2 680	269
Coke, refined petroleum and nuclear fuel	27	:	0	0	20	0	3	0	0	4	25	:
Chemicals and chemical products	:	34	21	198	248	:	53	37	21	31	310	14
Rubber and plastic products	:	37	43	343	613	:	73	35	43	50	315	:
Other non-metallic mineral products	:	65	60	719	1 402	:	110	148	69	78	560	30
Basic metals and metal products	10 441	421	341	3 345	5 394	15	600	364	266	480	1 790	139
Machinery and equipment n.e.c.	4 427	83	134	1 244	2 441	0	274	162	157	177	685	154
Electrical and optical equipment	4 400	134	150	852	2 889	10	262	85	89	148	1 085	85
Transport equipment	:	50	34	378	494	:	162	26	77	123	550	61
Manufacturing n.e.c.	:	254	167	2 096	2 683	:	639	237	199	373	2 070	103
Electricity, gas and water supply	508	9	21	260	85	3	25	20	67	47	45	65
Construction	112 874	4 336	2 952	45 615	48 990	166	8 517	2 787	2 916	3 718	18 265	3 293
Motor trades	14 402	1 179	629	4 992	5 852	75	1 314	899	540	1 000	4 975	616
Wholesale trade	61 059	3 729	2 023	17 618	32 708	306	4 724	2 653	1 289	2 391	8 865	1 675
Retail trade	108 152	5 111	3 621	46 056	47 002	235	5 189	2 559	2 166	3 883	20 175	2 677
Hotels and restaurants	54 241	4 075	1 229	29 067	18 035	293	2 901	1 486	870	1 846	17 150	721
Land transport	22 447	695	894	10 667	8 096	46	967	1 074	750	1 027	3 830	926
Water transport	481	:	31	42	93	60	176	5	23	56	115	118
Air transport	:	:	5	12	7	:	26	6	5	7	60	6
Auxiliary transport activities	5 611	270	169	1 744	2 396	26	551	104	256	469	1 585	225
Post and telecommunications	:	660	272	919	526	:	761	37	69	138	3 435	202
Financial intermediation	3 603	318	178	131	339	294	2 393	11	139	129	625	:
Insurance and pension funding	141	7	3	55	3	8	46	5	3	23	155	:
Auxiliary financial activities	13 709	366	54	5 191	6 496	82	1 270	83	371	245	1 460	45
Real estate activities	30 929	975	1 582	13 786	10 407	299	1 826	1 224	1 035	1 994	5 695	2 419
Renting	:	322	349	2 801	1 638	:	436	95	109	342	1 735	278
Computer and related activities	27 033	2 016	2 635	4 674	11 996	189	3 926	379	903	2 710	17 535	:
Research and development	:	34	60	1 815	1 383	:	230	11	43	244	180	:
Other business activities	142 432	7 756	5 987	38 299	69 110	599	13 613	2 498	3 583	11 241	36 135	5 904

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.8: Proportion of enterprise births in the business economy total, 2001 (%)**

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Business economy	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mining and quarrying	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.3	0.2	0.1	0.2	0.5
Manufacturing	8.4	5.8	6.4	7.2	10.0	2.3	6.0	12.1	10.2	8.2	8.0	4.8
Electricity, gas and water supply	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.4	0.1	0.0	0.3
Construction	16.9	12.8	12.2	18.9	16.6	5.9	16.4	15.3	17.3	10.8	11.8	14.8
Distributive trades	27.5	29.6	25.8	28.5	29.0	22.0	21.6	33.6	23.6	21.2	22.0	22.3
Hotels and restaurants	8.1	12.0	5.1	12.0	6.1	10.4	5.6	8.2	5.1	5.4	11.1	3.2
Transport, storage and communication	4.7	4.9	5.6	5.5	3.8	5.3	4.8	6.7	6.5	4.9	5.8	6.6
Financial intermediation	2.6	2.0	1.0	2.2	2.3	13.7	7.1	0.5	3.0	1.2	1.4	0.3
Real estate, renting and business activities	31.5	32.8	43.7	25.4	32.1	40.1	38.5	23.1	33.6	48.2	39.6	47.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

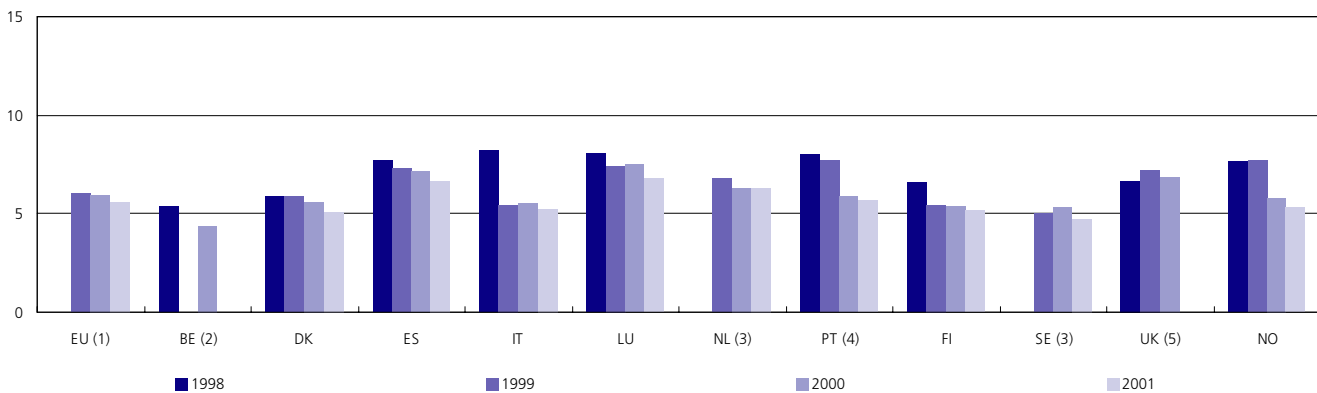
(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

**Figure 3.3: Enterprise birth rates, industry (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; 1998, not available.

(2) 1999 and 2001, not available.

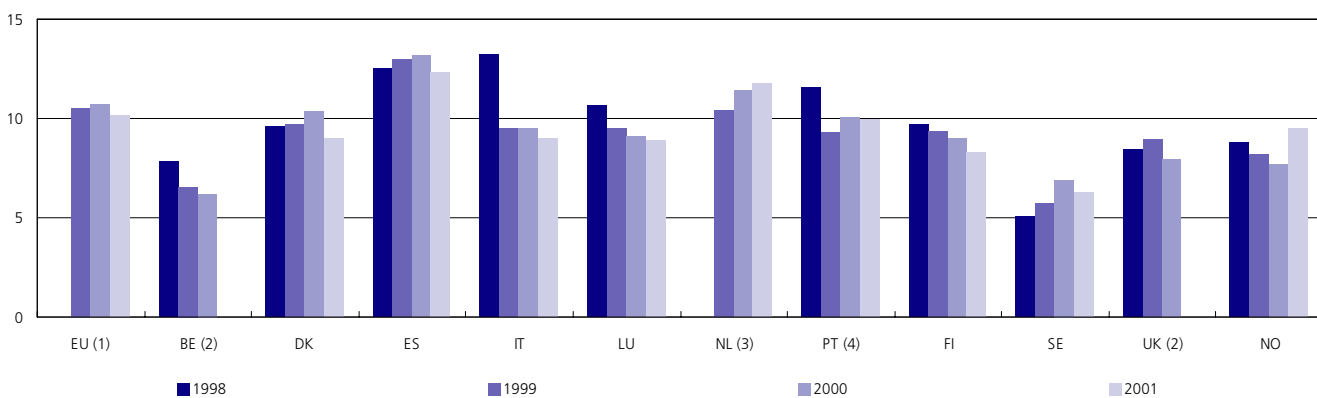
(3) 1998, not available.

(4) Sole proprietors not covered in 2001.

(5) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.4: Enterprise birth rates, construction (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; 1998, not available.

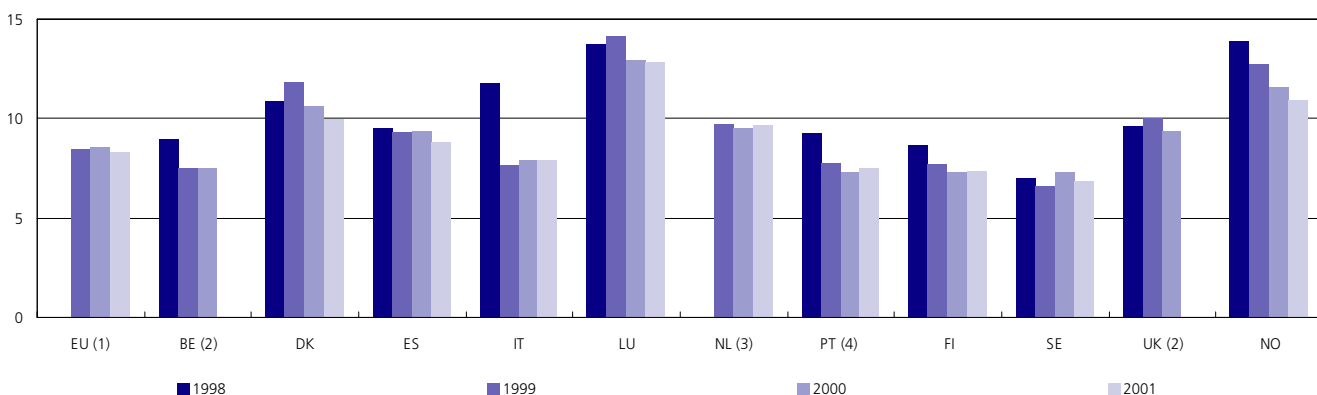
(2) 2001, not available.

(3) 1998, not available.

(4) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.5: Enterprise birth rates, services (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; 1998, not available.

(2) 2001, not available.

(3) 1998, not available.

(4) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.9: Enterprise birth rates, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Mining and quarrying	4.1	2.2	9.9	5.5	3.0	25.0	7.8	6.5	3.0	2.7	14.0	8.4
Food products, beverages and tobacco	4.9	2.8	3.8	4.6	5.2	2.7	4.0	4.4	4.5	3.4	7.0	4.7
Textiles and textile products	:	3.6	8.1	8.8	6.2	:	6.0	5.3	7.5	7.0	7.1	3.8
Leather and leather products	6.3	:	6.3	7.7	6.0	:	2.8	4.9	4.4	3.2	5.2	:
Wood and wood products	4.1	4.9	5.1	4.4	3.8	0.0	5.0	5.6	3.5	5.5	6.2	:
Pulp, paper, publishing and printing	6.4	5.6	6.9	8.2	5.1	8.7	5.3	6.2	6.1	5.8	7.6	6.7
Coke, refined petroleum and nuclear fuel	4.4	:	0.0	0.0	4.3	:	7.1	0.0	0.0	7.7	9.3	:
Chemicals and chemical products	:	3.5	5.0	4.0	3.9	:	5.8	4.7	5.5	3.4	7.1	5.6
Rubber and plastic products	:	4.0	5.3	5.1	4.5	:	5.4	3.7	5.5	3.0	4.4	:
Other non-metallic mineral products	:	3.4	5.4	5.3	5.0	:	6.0	5.1	5.6	4.5	8.8	3.5
Basic metals and metal products	5.8	5.5	6.8	6.9	5.3	7.3	7.2	6.9	5.1	4.2	5.2	5.4
Machinery and equipment n.e.c.	5.7	4.0	5.1	7.7	5.5	0.0	6.1	6.7	3.9	3.3	4.4	5.9
Electrical and optical equipment	5.5	4.6	5.9	7.0	5.3	13.2	7.0	6.6	4.4	3.1	7.2	6.4
Transport equipment	:	5.6	4.7	7.3	7.1	:	6.3	4.0	7.3	5.3	7.9	4.7
Manufacturing n.e.c.	:	4.8	5.5	6.8	5.0	:	8.5	6.3	5.5	6.1	8.8	4.7
Electricity, gas and water supply	3.6	4.5	0.4	7.8	3.8	6.4	10.6	5.9	5.1	3.6	14.1	6.9
Construction	10.1	6.2	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	8.0	9.5
Motor trades	4.7	4.8	5.3	6.4	3.7	8.7	5.6	6.6	5.1	4.9	6.2	6.9
Wholesale trade	7.7	6.3	8.4	8.3	7.6	10.1	7.4	7.4	6.7	5.3	7.0	9.2
Retail trade	6.9	5.5	10.0	7.8	6.2	7.9	6.1	6.1	7.4	6.1	8.1	8.8
Hotels and restaurants	8.2	7.9	8.1	9.6	6.9	11.0	7.0	5.5	7.0	7.3	11.5	7.6
Land transport	5.3	6.0	7.4	5.0	6.0	7.2	7.0	9.0	3.5	3.8	7.2	5.6
Water transport	6.2	:	6.2	9.1	6.4	20.1	4.7	4.7	5.7	5.9	9.2	7.2
Air transport	:	:	4.8	6.8	2.9	:	13.6	12.5	5.0	3.1	6.1	10.9
Auxiliary transport activities	8.7	6.1	7.0	8.2	9.1	10.9	8.6	4.6	10.4	8.5	8.3	8.0
Post and telecommunications	:	21.4	18.6	13.2	18.6	:	21.2	12.5	10.1	14.7	20.2	22.0
Financial intermediation	12.9	15.1	7.8	8.3	5.1	23.9	20.5	1.8	7.7	4.8	6.8	:
Insurance and pension funding	3.6	3.4	1.3	5.4	1.3	2.3	5.5	2.9	1.0	2.5	8.0	:
Auxiliary financial activities	10.1	7.1	11.6	10.6	9.5	17.4	11.3	7.3	17.2	6.3	8.4	6.4
Real estate activities	8.5	8.6	5.6	13.3	7.2	15.2	10.4	10.1	5.7	4.2	7.7	9.4
Renting	:	8.5	9.2	11.9	12.2	:	7.4	8.7	7.0	6.2	10.1	11.3
Computer and related activities	15.3	19.0	21.3	18.5	13.9	22.4	19.5	15.9	15.2	10.3	12.1	:
Research and development	:	6.8	16.6	12.7	14.0	:	19.1	5.7	9.9	9.1	6.2	:
Other business activities	10.8	9.3	13.0	10.3	11.0	14.7	12.7	10.1	9.4	9.1	10.1	16.1

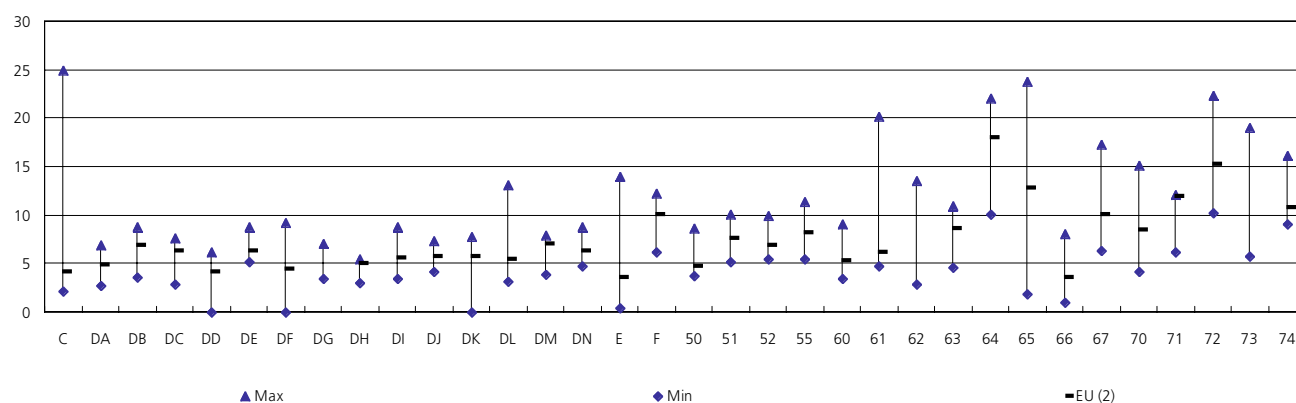
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 3.6: Enterprise birth rates for NACE activities, 2001 (%) (1)



(1) Maximum and minimum values are based on data available for all participating countries; Portugal, sole proprietors not covered; Belgium and the United Kingdom, 2000.

(2) EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; textiles and transport equipment, 2000; rubber and plastics, other non-metallic minerals, manufacturing n.e.c., post and telecommunications and renting, 1999; chemicals, air transport and research and development, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In relative terms and at a more detailed level, birth rates varied considerably across activities - see Table 3.9 and Figure 3.6. The highest rates were often recorded for activities that were related to ICT, such as computer and related activities (between 10.3 % and 22.4 %) and post and telecommunications (between 10.1 % and 22.0 %), as well as in business services (between 9.1 % and 16.1 %). Within manufacturing activities, relatively high birth rates were often recorded by technology-intensive sectors, for example, electrical and optical equipment (between 3.1 % and 13.2 %). In contrast, agro-food, wood processing, and the rubber and plastics sector emerged as the least attractive activities, with birth rates that did not exceed 7.0 % in any of the countries for which data are available.

Enterprise birth rates appear to be closely linked to the maturity of each sector, as birth rates were relatively low for mature, traditional industries, while they were generally higher for activities with a greater technology component (in other words, those involved with the manufacture, distribution or use of ICT). This could be a result of innovation activity being higher in these areas, resulting in a shift of resources into new markets, as newly born enterprises compete with incumbents, driving forward the pace of change.



### 3. NEWLY BORN ENTERPRISES

A number of activities displayed particularly wide variations in birth rates from one country to another. This was notably the case for mining and quarrying, where the highest birth rate within the business economy was recorded in Luxembourg (25.0 %) and one of the lowest birth rates was registered in Belgium (2.2 %, 2000). It is important to bear in mind that at a more detailed level of activities, some country-activity pairings may have relatively low numbers of active enterprises which can mean that the addition of a few enterprises can result in a relatively high birth rate. This was also true in the electricity, gas and water supply sector (where birth rates ranged from 0.4 % to 14.1 %), the water transport sector (4.7 % to 20.1 %), and the research and development sector (5.7 % to 19.1 %).

Differences in birth rates generally varied more across activities than they did across countries. This could imply that the maturity of a sector or the influence of technology and innovation on a sector was a more important determinant of the birth rate than country-specific factors (attitudes towards risk-taking, the development of an enterprise culture, or easy access to finance). However, the variation of enterprise birth rates within high-technology sectors was also considerable, suggesting that, at least in less mature markets, country-specific factors were also an important determinant of birth rates (see Chapter 6 for a more detailed study of enterprise demographics within the ICT and business services sectors).

The evolution of birth rates in recent years generally followed a slight downward trend for most activities between 1999 and 2001 - see Table 3.10. Among those activities for which the EU aggregate is available, there was only one that reported an increase in its birth rate between 1999 and 2001, namely other business activities (excluding holding companies, NACE Division 74).

#### 3.3: SIZE-CLASS BREAKDOWN

Most newly born enterprises are created with no employees, underlining the risks that face entrepreneurs when they choose to start an activity. Indeed, there is often considerable uncertainty as regards profitability and market opportunities as an enterprise is created, which naturally leads to entrepreneurs favouring entering markets with a small size in order to minimise costs and risks. These observations are less likely to apply to so-called 'false births', which include spin-offs from active enterprises, mergers or changes of legal form, all of which are excluded from the information presented.

**Table 3.10: Enterprise birth rates, EU (%) (1)**

	1999	2000	2001
Mining and quarrying	4.6	:	4.1
Food products, beverages and tobacco	:	4.7	4.9
Textiles and textile products	:	6.9	:
Leather and leather products	6.4	6.2	6.3
Wood and wood products	:	:	4.1
Pulp, paper, publishing and printing	7.0	:	6.4
Coke, refined petroleum and nuclear fuel	:	:	4.4
Chemicals and chemical products	:	:	:
Rubber and plastic products	5.0	:	:
Other non-metallic mineral products	5.6	:	:
Basic metals and metal products	6.0	5.9	5.8
Machinery and equipment n.e.c.	:	:	5.7
Electrical and optical equipment	:	:	5.5
Transport equipment	7.1	7.1	:
Manufacturing n.e.c.	6.3	:	:
Electricity, gas and water supply	4.3	:	3.6
Construction	10.5	10.7	10.1
Motor trades	5.3	5.0	4.7
Wholesale trade	8.9	8.2	7.7
Retail trade	7.0	7.0	6.9
Hotels and restaurants	8.5	8.2	8.2
Land transport	:	5.5	5.3
Water transport	7.0	7.1	6.2
Air transport	:	:	:
Auxiliary transport activities	:	:	8.7
Post and telecommunications	18.1	:	:
Financial intermediation	:	:	12.9
Insurance and pension funding	:	:	3.6
Auxiliary financial activities	11.4	12.3	10.1
Real estate activities	8.6	8.5	8.5
Renting	11.9	:	:
Computer and related activities	:	:	15.3
Research and development	:	:	:
Other business activities	10.2	10.9	10.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In all countries for which data are available <sup>(8)</sup>, more than 90 % of newly born enterprises during the period 1998 to 2001 numbered less than 5 employees, with around three quarters of all new enterprises reporting no employees and around one fifth numbering between 1 and 4 employees. There were however some deviations from these general trends. For example, in Italy the share of newly born enterprises with no employees reached 91.0 %, while their share was as low as 62.4 % in the Netherlands and 61.9 % in Luxembourg, where almost one third of all enterprises that were created had between 1 and 4 employees. The absolute number of newly born enterprises was larger in services than it was for construction and was in most of the countries and size-classes lowest among industrial activities. These differences could be partly attributed to the varying structure of the national business economies and their relative specialisation in given activities. The characteristics of the labour market may also influence the size of new entrants, for example, average personnel costs, the flexibility of the employment protection legislation and the incidence of 'false self-employment', in other words people who are formally self-employed but who actually work regular hours on a long-term basis for a sole client, thus appearing more like dependent employees.

<sup>(8)</sup> Belgium, Sweden and Norway, not available; note that the data for Portugal excludes sole proprietors for 2001.



Table 3.11: Number of enterprise births, 2001 (units)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Business economy</i>												
Total	666 497	33 876	24 275	241 270	294 866	2 805	52 053	18 198	16 902	34 326	154 630	22 315
0 employees	532 261	:	19 813	169 373	265 604	1 742	32 668	341	14 906	28 155	43 255	17 245
1-4 employees	111 395	:	3 926	57 984	24 526	916	16 655	14 271	1 860	5 528	98 015	4 463
5-9 employees	15 097	:	345	9 640	3 149	94	1 306	2 355	96	467	9 290	386
10-19 employees	6 280	:	155	3 513	1 228	40	1 194	897	36	114	3 385	145
20+ employees	1 464	:	36	760	359	13	230	334	4	62	695	76
<i>Industry</i>												
Total	57 129	1 978	1 602	17 786	29 789	70	3 187	2 282	1 832	2 863	12 665	1 258
0 employees	40 903	1 473	1 248	10 161	23 399	47	2 005	30	1 611	2 432	3 210	897
1-4 employees	12 056	:	284	5 472	4 865	17	839	1 385	200	379	7 930	295
5-9 employees	:	72	44	1 448	978	:	161	472	14	39	965	33
10-19 employees	1 266	:	22	594	478	0	157	257	7	8	465	16
20+ employees	:	20	4	111	69	:	25	138	0	5	115	17
<i>Construction</i>												
Total	112 874	4 336	2 952	45 615	48 990	166	8 517	2 787	2 916	3 718	18 265	3 293
0 employees	85 760	3 667	2 359	28 558	41 890	72	7 350	28	2 511	3 020	7 785	2 814
1-4 employees	20 430	557	498	11 785	6 132	63	957	1 738	374	621	9 460	428
5-9 employees	:	79	69	3 248	709	:	107	695	23	63	745	34
10-19 employees	:	27	23	1 620	201	:	92	259	7	11	235	13
20+ employees	:	6	3	404	58	:	11	67	1	3	35	4
<i>Services</i>												
Total	496 494	27 562	19 721	177 869	216 087	2 569	40 349	13 129	12 154	27 745	123 700	17 764
0 employees	405 598	22 018	16 206	130 654	200 315	1 623	23 313	283	10 784	22 703	32 260	13 534
1-4 employees	78 909	4 773	3 144	40 727	13 529	836	14 859	11 148	1 286	4 528	80 625	3 740
5-9 employees	8 169	:	232	4 944	1 462	69	1 038	1 188	59	365	7 580	319
10-19 employees	:	200	110	1 299	549	:	945	381	22	95	2 685	116
20+ employees	:	:	29	245	232	:	194	129	3	54	545	55

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.12: Proportion of enterprise births accounted for by each size-class, cumulative 1998-2001 (%) (1)

	EU (2)	BE	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK	NO
<i>Business economy</i>												
0 employees	:	:	83.2	68.5	91.0	61.9	62.4	63.0	86.4	:	28.7	:
1-4 employees	:	:	14.8	25.6	:	32.3	32.7	30.7	12.7	:	63.8	:
5-9 employees	:	:	1.3	:	:	3.9	2.5	4.0	0.7	:	5.2	:
10-19 employees	:	:	0.6	:	:	1.4	1.8	1.8	0.2	:	1.9	:
20+ employees	:	:	0.2	:	:	0.6	0.6	0.6	0.0	:	0.4	:
<i>Industry</i>												
0 employees	:	:	81.0	53.1	81.6	56.1	63.9	58.1	86.9	:	25.2	:
1-4 employees	:	:	15.1	33.3	:	28.9	26.8	28.5	12.0	:	63.5	:
5-9 employees	:	:	2.3	:	:	:	4.5	7.1	0.7	:	7.2	:
10-19 employees	:	:	1.2	:	:	:	3.8	4.1	0.3	:	3.3	:
20+ employees	:	:	0.4	:	:	:	1.0	2.2	0.1	:	0.9	:
<i>Construction</i>												
0 employees	76.1	:	80.6	60.3	87.0	38.0	85.3	75.2	83.3	85.0	25.2	75.3
1-4 employees	18.1	:	16.4	27.9	11.5	38.8	12.1	18.4	15.6	12.9	63.5	21.6
5-9 employees	:	:	2.0	7.1	1.1	:	1.3	4.1	1.0	1.6	7.2	2.2
10-19 employees	:	:	0.7	3.6	0.4	:	1.1	1.9	0.2	0.4	3.3	0.7
20+ employees	:	:	0.2	1.1	0.1	:	0.2	0.4	0.0	0.0	0.9	0.2
<i>Services</i>												
0 employees	81.8	:	83.7	72.1	93.4	63.7	57.8	60.1	87.0	84.5	27.0	66.0
1-4 employees	15.8	:	14.5	24.3	5.8	32.0	37.2	34.9	12.2	13.4	65.5	30.4
5-9 employees	1.6	:	1.1	2.7	0.5	3.0	2.6	3.5	0.6	1.5	5.3	:
10-19 employees	:	:	0.5	:	:	:	1.8	1.3	0.2	:	1.9	:
20+ employees	:	:	0.2	:	:	:	0.6	0.3	0.0	:	0.3	:

(1) EU and the Netherlands, 1999-2001; the United Kingdom, 1998-2000.

(2) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(3) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

Table 3.13a: Proportion of enterprise births accounted for by each size-class, industry and construction, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Mining and quarrying</i>												
0 employees	66.6	:	60.9	55.0	75.4	100.0	66.7	0.0	90.0	66.7	6.2	69.3
1-4 employees	25.9	0.0	34.8	34.5	18.0	0.0	23.8	61.0	7.5	33.3	84.6	:
5-9 employees	5.0	0.0	0.0	7.0	4.9	0.0	4.8	27.1	2.5	0.0	7.7	:
10-19 employees	:	:	0.0	:	1.6	0.0	0.0	6.8	0.0	0.0	1.5	0.0
20+ employees	:	0.0	4.3	:	0.0	0.0	4.8	5.1	0.0	0.0	0.0	:
<i>Food products, beverages and tobacco</i>												
0 employees	72.3	46.4	51.3	54.6	82.5	50.0	39.3	3.1	88.3	68.2	26.5	53.6
1-4 employees	:	41.6	39.5	33.1	15.4	:	25.7	60.4	10.7	26.4	59.8	35.1
5-9 employees	:	8.6	5.3	8.5	1.4	0.0	15.9	24.2	1.0	:	8.5	6.2
10-19 employees	:	:	3.9	3.1	0.7	0.0	18.2	8.4	0.0	:	4.3	:
20+ employees	:	:	0.0	0.7	0.0	:	0.9	4.0	0.0	:	1.7	:
<i>Textiles and textile products</i>												
0 employees	:	75.4	91.8	60.2	75.5	:	72.5	0.0	97.1	95.1	19.9	90.9
1-4 employees	:	14.8	7.5	28.0	18.5	:	21.7	44.3	2.9	4.9	58.7	:
5-9 employees	:	6.6	0.6	7.9	3.7	:	1.1	19.9	0.0	0.0	11.7	:
10-19 employees	:	:	0.0	3.2	2.0	:	4.2	19.1	0.0	0.0	8.2	0.0
20+ employees	:	:	0.0	0.8	0.3	:	0.5	16.7	0.0	0.0	2.0	0.0
<i>Leather and leather products</i>												
0 employees	63.2	:	100.0	42.0	71.2	:	63.6	0.0	100.0	100.0	23.1	:
1-4 employees	22.4	:	0.0	33.0	18.5	:	27.3	29.3	0.0	0.0	69.2	:
5-9 employees	9.0	:	0.0	14.4	6.9	:	9.1	16.3	0.0	0.0	7.7	:
10-19 employees	4.5	:	0.0	8.0	3.2	:	0.0	26.1	0.0	0.0	0.0	:
20+ employees	1.0	:	0.0	2.6	0.3	:	0.0	28.3	0.0	0.0	0.0	:
<i>Wood and wood products</i>												
0 employees	77.3	81.9	71.4	52.7	86.8	:	65.8	0.5	85.6	90.6	44.5	:
1-4 employees	17.9	:	26.5	35.0	11.2	:	25.8	66.8	13.6	8.3	47.1	:
5-9 employees	:	:	2.0	:	1.3	:	4.2	20.9	0.0	:	5.0	:
10-19 employees	:	:	0.0	3.7	0.7	:	2.5	9.1	0.8	:	3.4	:
20+ employees	:	0.0	0.0	:	0.0	:	1.7	2.7	0.0	0.0	0.0	:
<i>Pulp, paper, publishing and printing</i>												
0 employees	74.7	85.6	84.5	67.6	84.3	68.8	49.9	3.0	86.0	83.8	30.2	81.0
1-4 employees	20.5	11.1	12.3	25.7	13.0	31.3	39.9	75.9	13.1	14.2	61.0	16.7
5-9 employees	:	:	1.9	:	1.7	0.0	5.1	15.2	0.0	:	5.6	:
10-19 employees	:	:	0.6	1.3	0.9	0.0	3.9	5.9	0.8	:	3.0	:
20+ employees	:	1.3	0.6	:	0.1	0.0	1.2	0.0	0.0	0.0	0.6	0.0
<i>Coke, refined petroleum and nuclear fuel</i>												
0 employees	59.3	:	:	:	50.0	:	66.7	:	:	100.0	0.0	:
1-4 employees	37.0	:	:	:	45.0	:	33.3	:	:	0.0	80.0	:
5-9 employees	0.0	:	:	:	0.0	:	0.0	:	:	0.0	20.0	:
10-19 employees	3.7	:	:	:	5.0	:	0.0	:	:	0.0	0.0	:
20+ employees	0.0	:	:	:	0.0	:	0.0	:	:	0.0	0.0	:
<i>Chemicals and chemical products</i>												
0 employees	:	64.7	38.1	49.5	73.4	:	37.7	2.7	85.7	83.9	12.9	64.3
1-4 employees	:	23.5	52.4	35.4	19.4	:	47.2	62.2	14.3	16.1	74.2	:
5-9 employees	:	11.8	9.5	:	4.8	:	1.9	24.3	0.0	0.0	8.1	0.0
10-19 employees	:	0.0	0.0	:	2.0	:	11.3	5.4	0.0	0.0	3.2	0.0
20+ employees	:	0.0	0.0	:	0.4	:	1.9	5.4	0.0	0.0	1.6	:
<i>Rubber and plastic products</i>												
0 employees	:	62.2	62.8	44.0	66.4	:	46.6	0.0	88.4	78.0	22.2	:
1-4 employees	:	:	30.2	35.6	23.0	:	42.5	68.6	7.0	14.0	61.9	:
5-9 employees	:	:	4.7	10.8	6.2	:	0.0	11.4	2.3	8.0	7.9	:
10-19 employees	:	0.0	2.3	7.9	3.9	:	8.2	17.1	2.3	0.0	6.3	:
20+ employees	:	:	0.0	1.7	0.5	:	2.7	2.9	0.0	0.0	1.6	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.13b: Proportion of enterprise births accounted for by each size-class, industry and construction, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Other non-metallic mineral products</i>												
0 employees	:	67.7	81.7	39.8	79.9	:	65.5	0.7	95.7	91.0	29.5	76.7
1-4 employees	:	26.2	18.3	41.2	15.2	:	21.8	50.7	2.9	9.0	58.0	:
5-9 employees	:	:	0.0	12.9	3.0	:	5.5	35.1	1.4	0.0	8.9	0.0
10-19 employees	:	0.0	0.0	5.1	1.8	:	6.4	11.5	0.0	0.0	2.7	:
20+ employees	:	:	0.0	1.0	0.1	:	0.9	2.0	0.0	0.0	0.0	0.0
<i>Basic metals and metal products</i>												
0 employees	67.0	77.0	77.7	50.8	74.6	60.0	68.7	0.8	80.8	77.5	33.2	71.2
1-4 employees	:	18.5	15.2	36.1	18.6	:	23.2	63.5	16.5	19.6	55.0	20.1
5-9 employees	:	2.1	4.1	9.0	4.2	:	3.2	24.7	2.6	2.1	7.5	2.9
10-19 employees	:	:	2.9	3.8	2.3	0.0	4.2	7.1	0.0	:	3.6	:
20+ employees	:	:	0.0	0.3	0.3	0.0	0.8	3.8	0.0	:	0.8	:
<i>Machinery and equipment n.e.c.</i>												
0 employees	72.5	74.7	69.4	63.3	77.5	:	61.3	2.5	86.0	75.7	15.3	72.7
1-4 employees	21.0	16.9	26.9	27.3	17.2	:	27.7	69.8	13.4	21.5	73.0	22.1
5-9 employees	:	:	2.2	:	3.8	:	5.8	16.7	0.6	:	6.6	:
10-19 employees	:	:	1.5	2.0	1.2	:	4.7	9.9	0.0	:	3.6	:
20+ employees	:	:	0.0	:	0.3	:	0.4	1.2	0.0	0.0	1.5	:
<i>Electrical and optical equipment</i>												
0 employees	77.2	81.3	71.3	71.7	81.6	60.0	51.9	3.5	70.8	79.1	11.1	64.7
1-4 employees	:	15.7	24.7	21.1	14.5	:	32.8	75.3	27.0	:	80.2	29.4
5-9 employees	:	:	2.7	:	2.6	:	6.1	12.9	2.2	2.0	6.0	:
10-19 employees	:	0.0	1.3	2.8	1.1	0.0	8.0	7.1	0.0	:	2.3	0.0
20+ employees	:	:	0.0	:	0.2	0.0	1.1	1.2	0.0	0.0	0.5	:
<i>Transport equipment</i>												
0 employees	:	66.0	94.1	52.9	70.2	:	69.8	0.0	80.5	90.2	13.6	60.7
1-4 employees	:	18.0	5.9	26.5	20.4	:	24.7	61.5	16.9	:	77.3	27.9
5-9 employees	:	:	0.0	13.2	6.1	:	3.7	15.4	0.0	0.0	6.4	:
10-19 employees	:	:	0.0	4.8	2.4	:	1.2	11.5	2.6	0.0	1.8	:
20+ employees	:	:	0.0	2.6	0.8	:	0.6	11.5	0.0	:	1.8	:
<i>Manufacturing n.e.c.</i>												
0 employees	:	80.7	83.2	58.6	83.4	:	78.6	0.4	92.5	92.0	27.8	75.7
1-4 employees	:	15.7	11.4	30.1	12.8	:	15.5	66.7	7.5	:	57.2	:
5-9 employees	:	:	4.2	8.0	2.6	:	4.9	16.9	0.0	:	9.7	0.0
10-19 employees	:	:	1.2	3.1	1.0	:	1.1	13.5	0.0	0.0	4.1	0.0
20+ employees	:	:	0.0	0.3	0.1	:	0.0	2.5	0.0	:	1.0	:
<i>Electricity, gas and water supply</i>												
0 employees	75.2	:	90.5	71.5	67.1	100.0	40.0	10.0	94.0	93.6	11.1	63.1
1-4 employees	:	:	4.8	20.8	20.0	0.0	44.0	70.0	4.5	:	77.8	:
5-9 employees	:	0.0	0.0	:	8.2	0.0	4.0	5.0	0.0	:	11.1	0.0
10-19 employees	:	0.0	0.0	:	3.5	0.0	12.0	5.0	1.5	0.0	0.0	:
20+ employees	0.4	0.0	4.8	0.0	1.2	0.0	0.0	10.0	0.0	0.0	0.0	:
<i>Construction</i>												
0 employees	76.0	84.6	79.9	62.6	85.5	43.4	86.3	1.0	86.1	81.2	42.6	85.5
1-4 employees	18.1	12.8	16.9	25.8	12.5	38.0	11.2	62.4	12.8	16.7	51.8	13.0
5-9 employees	:	1.8	2.3	7.1	1.4	:	1.3	24.9	0.8	1.7	4.1	1.0
10-19 employees	:	0.6	0.8	3.6	0.4	:	1.1	9.3	0.2	0.3	1.3	0.4
20+ employees	:	0.1	0.1	0.9	0.1	:	0.1	2.4	0.0	0.1	0.2	0.1

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

Table 3.14a: Proportion of enterprise births accounted for by each size-class, services, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Motor trades</i>												
0 employees	76.7	81.9	85.7	62.5	87.3	54.7	69.2	0.8	91.9	83.4	45.2	71.9
1-4 employees	:	15.7	12.4	32.7	11.4	:	23.7	79.6	8.0	15.3	47.0	25.3
5-9 employees	:	1.7	1.4	3.8	0.9	:	3.0	15.4	0.2	1.0	5.1	1.8
10-19 employees	:	0.7	0.5	0.8	0.3	0.0	3.5	3.1	0.0	:	2.1	1.0
20+ employees	:	0.0	0.0	0.1	0.1	0.0	0.7	1.1	0.0	:	0.5	0.0
<i>Wholesale trade</i>												
0 employees	82.9	81.1	76.1	70.3	94.6	70.6	54.4	0.9	88.1	77.2	32.3	65.7
1-4 employees	:	17.1	21.2	24.7	4.8	:	40.4	83.5	11.6	20.7	60.7	31.0
5-9 employees	:	1.2	1.8	3.7	0.4	:	3.1	10.6	0.3	1.5	4.7	2.1
10-19 employees	:	0.3	0.8	1.1	0.2	:	1.9	4.1	0.0	0.3	1.9	1.0
20+ employees	0.1	0.4	0.1	0.2	0.0	0.0	0.2	0.9	0.0	0.2	0.3	0.2
<i>Retail trade</i>												
0 employees	83.4	79.7	83.5	74.1	94.4	66.0	63.7	0.8	91.5	84.7	37.7	75.4
1-4 employees	15.0	17.6	15.5	23.5	5.1	28.9	31.2	88.5	7.8	14.0	54.4	22.1
5-9 employees	:	1.7	0.7	2.0	0.4	:	1.3	8.5	0.6	1.1	5.8	1.7
10-19 employees	:	0.7	0.2	0.3	0.1	:	3.0	1.4	0.1	:	1.9	0.5
20+ employees	:	0.3	0.0	0.1	0.0	0.0	0.8	0.8	0.0	:	0.2	0.3
<i>Hotels and restaurants</i>												
0 employees	68.0	66.6	61.2	63.1	80.6	39.6	38.8	2.5	80.2	70.9	11.9	50.9
1-4 employees	27.2	28.2	35.4	30.7	17.2	52.6	52.9	77.0	18.4	25.3	68.7	37.9
5-9 employees	3.7	3.5	2.6	5.2	1.6	5.1	4.1	14.9	1.0	2.3	14.3	8.0
10-19 employees	:	1.2	0.6	0.8	0.5	:	3.6	4.4	0.2	0.9	4.3	2.6
20+ employees	:	0.4	0.2	0.2	0.1	:	0.6	1.2	0.1	0.7	0.8	0.6
<i>Land transport</i>												
0 employees	80.0	79.0	66.3	75.4	89.7	54.3	68.7	0.2	78.4	76.1	50.8	76.7
1-4 employees	17.4	15.3	31.0	21.7	8.3	23.9	25.3	90.2	21.5	22.7	43.1	21.2
5-9 employees	:	3.6	1.3	2.2	1.3	:	2.5	6.4	0.1	0.8	4.3	1.6
10-19 employees	:	:	1.2	0.7	0.4	:	3.0	2.6	0.0	:	1.6	:
20+ employees	:	:	0.1	0.1	0.3	:	0.5	0.6	0.0	:	0.3	:
<i>Water transport</i>												
0 employees	:	:	48.4	:	74.2	68.3	49.4	0.0	87.0	76.8	26.1	65.3
1-4 employees	:	:	41.9	:	16.1	:	47.2	40.0	13.0	:	60.9	21.2
5-9 employees	:	:	3.2	:	5.4	8.3	2.3	20.0	0.0	:	8.7	5.1
10-19 employees	:	:	6.5	:	3.2	0.0	0.6	20.0	0.0	0.0	4.3	4.2
20+ employees	:	:	0.0	:	1.1	:	0.6	20.0	0.0	:	0.0	4.2
<i>Air transport</i>												
0 employees	:	:	100.0	:	28.6	:	50.0	16.7	100.0	42.9	16.7	100.0
1-4 employees	:	:	0.0	:	28.6	:	23.1	50.0	0.0	:	75.0	0.0
5-9 employees	:	:	0.0	:	14.3	:	26.9	0.0	0.0	0.0	0.0	0.0
10-19 employees	:	:	0.0	:	28.6	:	0.0	16.7	0.0	:	0.0	0.0
20+ employees	:	:	0.0	0.0	0.0	:	0.0	16.7	0.0	0.0	0.0	0.0
<i>Auxiliary transport activities</i>												
0 employees	65.7	72.6	62.1	59.4	69.7	61.5	51.2	1.0	89.5	74.2	21.1	51.1
1-4 employees	27.1	22.6	30.2	34.7	20.4	26.9	43.9	83.7	10.2	22.0	71.0	:
5-9 employees	:	2.2	4.1	:	4.4	:	1.8	10.6	0.0	2.1	5.4	:
10-19 employees	:	:	2.4	:	2.8	:	2.5	3.8	0.4	1.1	2.2	:
20+ employees	:	:	1.2	:	2.8	0.0	0.5	1.0	0.0	0.6	0.3	:
<i>Post and telecommunications</i>												
0 employees	:	87.6	84.2	60.8	89.7	:	68.2	0.0	85.5	72.5	54.7	83.7
1-4 employees	:	9.8	10.3	27.6	8.2	:	27.6	81.1	11.6	21.0	38.9	:
5-9 employees	:	1.8	2.9	8.1	1.1	:	2.1	2.7	2.9	2.2	3.9	:
10-19 employees	:	:	1.1	2.8	0.2	:	0.4	8.1	0.0	:	1.9	:
20+ employees	:	:	1.5	0.7	0.8	:	1.7	8.1	0.0	:	0.6	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.14b: Proportion of enterprise births accounted for by each size-class, services, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Financial intermediation (except insurance and pension funding)</i>												
0 employees	37.6	:	71.3	45.8	82.6	52.0	22.5	0.0	88.5	55.8	10.4	:
1-4 employees	:	73.0	25.3	45.8	13.0	:	69.8	90.9	10.8	38.8	80.8	:
5-9 employees	:	2.5	1.7	:	1.8	0.0	3.3	0.0	0.0	:	5.6	:
10-19 employees	:	:	1.1	:	2.7	:	4.2	9.1	0.7	0.0	2.4	:
20+ employees	:	:	0.6	0.0	0.0	0.0	0.1	0.0	0.0	:	0.8	:
<i>Insurance and pension funding</i>												
0 employees	39.7	:	66.7	47.3	0.0	62.5	10.9	0.0	66.7	69.6	6.5	:
1-4 employees	51.8	:	33.3	52.7	33.3	37.5	69.6	80.0	0.0	30.4	74.2	:
5-9 employees	7.1	0.0	0.0	0.0	66.7	0.0	15.2	0.0	33.3	0.0	9.7	:
10-19 employees	1.4	0.0	0.0	0.0	0.0	0.0	4.3	20.0	0.0	0.0	6.5	:
20+ employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	:
<i>Auxiliary financial activities</i>												
0 employees	82.9	26.5	61.1	88.4	90.1	25.6	31.1	0.0	87.9	56.3	13.7	46.7
1-4 employees	:	:	35.2	10.8	8.9	:	62.6	89.2	11.1	38.8	74.3	44.4
5-9 employees	:	:	0.0	:	0.8	7.3	3.5	8.4	0.3	3.7	7.9	:
10-19 employees	:	:	1.9	:	0.1	6.1	2.4	0.0	0.8	:	3.1	:
20+ employees	:	:	1.9	0.0	0.0	:	0.3	2.4	0.0	:	1.0	0.0
<i>Real estate activities</i>												
0 employees	80.8	78.4	88.3	69.9	97.1	80.3	56.3	5.0	90.2	83.0	21.2	78.4
1-4 employees	:	21.2	10.7	28.0	2.7	:	39.2	90.5	8.9	15.8	71.3	:
5-9 employees	:	0.4	0.8	1.9	0.2	:	2.6	3.2	0.6	1.1	5.1	0.9
10-19 employees	:	0.0	0.1	:	0.0	0.0	1.8	1.1	0.3	0.0	2.2	0.2
20+ employees	:	0.0	0.1	:	0.0	0.0	0.1	0.2	0.0	0.2	0.3	:
<i>Renting</i>												
0 employees	:	87.9	91.1	77.2	91.7	:	61.2	5.3	95.4	85.4	35.2	79.9
1-4 employees	:	:	7.4	20.0	7.5	:	35.3	84.2	4.6	12.9	57.3	16.9
5-9 employees	:	:	0.9	2.1	0.5	:	0.2	5.3	0.0	:	4.6	1.4
10-19 employees	:	:	0.6	:	0.2	:	3.2	4.2	0.0	:	2.3	0.0
20+ employees	:	0.0	0.0	:	0.1	:	0.0	1.1	0.0	0.0	0.6	1.8
<i>Computer and related activities</i>												
0 employees	83.2	87.5	85.0	76.7	91.7	58.2	66.4	1.3	88.8	79.7	10.2	:
1-4 employees	:	9.5	13.0	18.7	7.1	:	29.9	85.8	9.7	17.5	83.8	:
5-9 employees	:	:	1.1	3.2	0.8	:	2.0	9.2	1.0	2.3	4.1	:
10-19 employees	:	:	0.8	1.0	0.4	:	1.4	2.6	0.4	0.4	1.7	:
20+ employees	0.2	:	0.2	0.3	0.1	0.0	0.3	1.1	0.0	0.1	0.2	:
<i>Research and development</i>												
0 employees	:	79.4	41.7	95.0	97.3	:	38.7	9.1	81.4	74.6	8.3	:
1-4 employees	:	20.6	53.3	4.0	2.3	:	57.8	81.8	18.6	21.3	75.0	:
5-9 employees	:	0.0	0.0	0.6	0.1	:	0.9	0.0	0.0	:	13.9	:
10-19 employees	:	0.0	1.7	0.4	0.3	:	2.2	9.1	0.0	:	2.8	:
20+ employees	:	0.0	3.3	0.0	0.0	:	0.4	0.0	0.0	0.0	0.0	:
<i>Other business activities</i>												
0 employees	87.4	88.8	87.9	81.5	95.2	74.0	65.5	4.8	90.6	85.7	26.0	82.2
1-4 employees	10.6	:	10.7	15.2	3.8	22.7	29.6	84.4	8.8	12.9	67.3	16.0
5-9 employees	1.2	1.3	0.9	2.1	0.5	2.0	2.5	6.4	0.4	0.9	4.5	1.1
10-19 employees	0.6	0.4	0.5	1.1	0.2	0.7	1.9	3.0	0.2	0.3	1.6	0.5
20+ employees	0.2	:	0.1	0.2	0.1	0.7	0.5	1.4	0.1	0.1	0.6	0.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.15: Number of enterprise births, business economy (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Total</i>												
1998	:	40 935	24 755	245 173	409 272	2 702	:	67 257	20 009	:	153 155	24 593
1999	651 111	:	27 562	243 983	278 104	2 887	49 999	57 927	17 869	30 707	164 425	24 135
2000	675 233	33 876	26 137	251 328	291 856	2 752	50 475	55 648	17 034	35 651	154 630	22 306
2001	666 497	:	24 275	241 270	294 866	2 805	52 053	18 198	16 902	34 326	:	22 315
<i>0 employees</i>												
1998	:	33 674	20 746	155 396	378 767	1 614	:	45 008	16 966	26 466	44 790	13 016
1999	522 756	27 272	23 439	171 439	251 429	1 807	31 006	42 471	15 482	28 154	47 710	16 489
2000	:	27 158	21 461	176 558	263 813	1 736	31 437	37 475	14 664	:	43 255	:
2001	532 261	:	19 813	169 373	265 604	1 742	32 668	341	14 906	28 155	:	17 245
<i>1-4 employees</i>												
1998	:	6 190	3 596	75 074	:	897	:	17 927	2 826	4 102	98 700	10 338
1999	:	6 009	3 554	58 389	23 000	920	16 833	12 837	2 258	:	104 340	6 708
2000	:	:	4 093	60 041	23 515	867	16 464	15 976	2 202	:	98 015	:
2001	111 395	:	3 926	57 984	24 526	916	16 655	14 271	1 860	5 528	:	4 463
<i>5-9 employees</i>												
1998	:	690	254	:	:	132	:	2 713	169	:	6 735	:
1999	:	:	360	:	2 412	104	1 198	1 534	98	273	8 675	:
2000	:	:	362	:	2 980	101	1 313	1 458	123	:	9 290	:
2001	15 097	:	345	9 640	3 149	94	1 306	2 355	96	467	:	386
<i>10-19 employees</i>												
1998	:	275	120	:	:	37	:	1 103	34	200	2 505	:
1999	:	:	155	:	1 025	38	657	889	28	:	3 155	:
2000	:	:	172	:	:	37	913	597	40	:	3 385	:
2001	6 280	:	155	3 513	1 228	40	1 194	897	36	114	:	145
<i>20+ employees</i>												
1998	:	106	39	:	:	22	:	506	:	8	455	:
1999	:	:	54	:	238	18	305	196	3	4	535	:
2000	:	:	49	:	:	11	348	142	5	:	695	:
2001	1 464	:	36	760	359	13	230	334	4	62	:	76

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

Table 3.16: Enterprise birth rates, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<b>Business economy</b>												
Total	8.3	7.0	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	8.9	10.1
0 employees	10.5	:	12.6	11.9	9.5	18.7	15.6	11.0	10.7	8.7	10.5	15.4
1-4 employees	5.2	:	5.6	6.4	3.4	11.5	7.0	9.1	2.8	4.0	10.0	6.5
5-9 employees	3.4	:	2.3	5.4	1.9	3.8	3.7	5.5	0.7	1.5	5.1	1.9
10-19 employees	2.6	:	1.7	4.2	1.4	2.7	4.0	4.0	0.5	0.7	3.6	1.3
20+ employees	0.8	:	0.4	1.1	0.6	0.8	0.8	1.7	0.1	0.4	1.1	0.9
<b>Industry</b>												
Total	5.6	4.4	5.1	6.6	5.2	6.8	6.3	5.6	5.2	4.7	6.9	5.3
0 employees	8.9	6.9	7.2	11.7	8.1	19.0	12.0	7.3	8.1	7.3	10.0	8.8
1-4 employees	4.1	:	4.1	5.5	3.3	6.7	5.2	9.4	2.3	2.7	9.2	4.2
5-9 employees	:	:	1.8	4.2	1.7	:	3.2	5.3	0.5	0.8	3.5	1.5
10-19 employees	1.6	:	1.1	2.6	1.1	0.0	2.8	3.7	0.4	0.2	2.5	0.9
20+ employees	:	:	0.1	0.5	0.2	:	0.3	1.5	0.0	0.1	0.6	0.7
<b>Construction</b>												
Total	10.1	6.2	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	8.0	9.5
0 employees	13.2	8.3	14.8	16.6	11.4	24.9	19.4	6.7	12.5	8.8	10.9	13.0
1-4 employees	6.5	3.1	4.7	9.2	4.8	12.5	4.5	11.7	3.6	3.6	7.6	5.4
5-9 employees	:	1.9	2.3	9.2	2.5	:	2.0	10.9	0.9	1.5	4.0	1.3
10-19 employees	:	1.3	1.3	7.9	1.6	:	2.4	6.8	0.6	0.5	2.6	0.9
20+ employees	:	0.3	0.2	2.8	1.1	:	0.3	2.7	0.1	0.2	0.7	0.4
<b>Services</b>												
Total	8.4	7.5	10.0	8.8	7.9	12.8	9.6	7.5	7.4	6.9	9.4	10.9
0 employees	10.3	9.2	13.0	11.2	9.4	18.5	15.1	12.5	10.8	8.9	10.5	16.8
1-4 employees	5.1	5.2	5.9	6.0	3.0	11.6	7.5	8.8	2.7	4.3	10.5	6.9
5-9 employees	3.2	:	2.5	4.5	1.9	3.6	4.2	4.4	0.7	1.7	5.5	2.1
10-19 employees	:	2.2	2.0	3.3	1.6	:	4.6	3.3	0.5	0.9	4.0	1.5
20+ employees	:	:	0.6	0.8	1.0	:	1.0	1.7	0.1	0.6	1.4	1.0

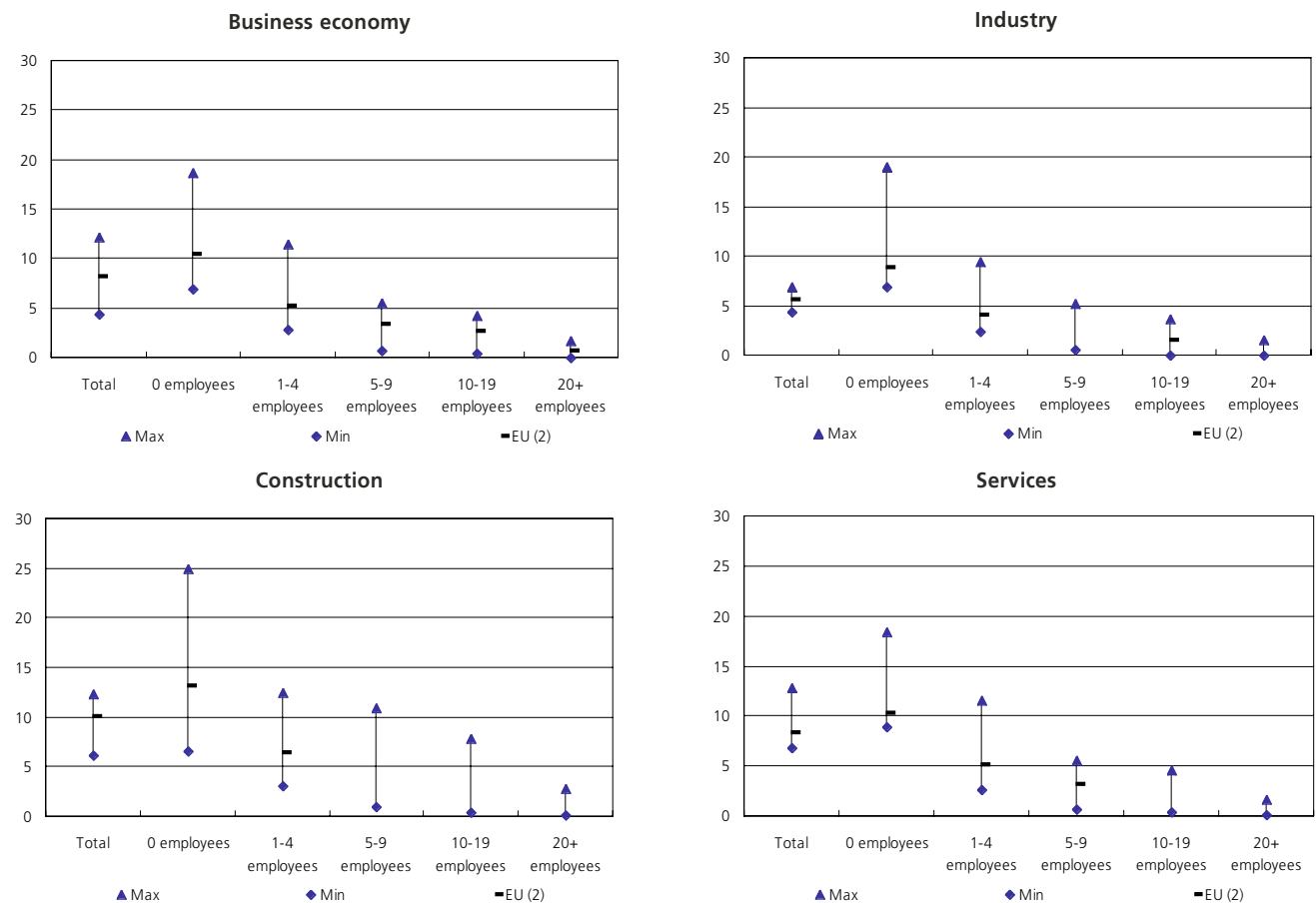
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 3.7: Enterprise birth rates, 2001 (%) (1)



(1) Maximum and minimum values are based on data available for all participating countries; Portugal, sole proprietors not covered; Belgium and the United Kingdom, 2000.

(2) EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; industry, 5-9 employees and 20+ employees, not available; construction, 5-9 employees, 10-19 employees and 20+ employees, not available; services, 10-19 employees and 20+ employees, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In relative terms too, enterprises with no employees reported the highest birth rates - see Table 3.16; this observation held true in all countries and for all sectors. Birth rates decreased as the average size of newly born enterprises rose in every country and for each of the three main economic aggregates of industry, construction and services; the only exception was found in the Netherlands, where birth rates among enterprises numbering between 10 and 19 employees were higher than those recorded among newly born enterprises with 5 to 9 employees.

While overall enterprise birth rates have generally suffered from a declining trend in recent years in most countries (see Table 3.18), contrasting results were sometimes observed when studying size-class breakdowns. It appears that birth rates remained stable or even increased among larger enterprises between 1998 and 2001, while the evolution of birth rates was largely negative among smaller enterprises. Indeed, the volatility of enterprise creation appeared to be greater for smaller enterprises than it was for larger ones. This may be explained by the fact that the creation of a relatively large enterprise is more likely to be based upon a carefully prepared business plan which has been projected over the medium- to long-term, and is hence less sensitive to short-term variations in the business climate.

Table 3.17: Enterprise birth rates, EU, 2001 (%) (1)

	Total	0 employees	1-4 employees	5-9 employees	10-19 employees	20+ employees
Business economy	8.3	10.5	5.2	3.4	2.6	0.8
Mining and quarrying	4.1	7.4	:	:	:	:
Food products, beverages and tobacco	4.9	8.5	:	:	:	:
Textiles and textile products	:	:	:	:	:	0.5
Leather and leather products	6.3	10.3	5.1	4.3	2.4	0.7
Wood and wood products	4.1	:	2.7	:	:	:
Pulp, paper, publishing and printing	6.4	10.3	4.2	:	:	:
Coke, refined petroleum and nuclear fuel	4.4	:	:	:	:	0.0
Chemicals and chemical products	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	0.3
Other non-metallic mineral products	:	:	:	2.5	1.7	0.2
Basic metals and metal products	5.8	9.7	:	:	:	:
Machinery and equipment n.e.c.	5.7	10.3	4.6	:	:	:
Electrical and optical equipment	5.5	8.0	:	:	:	:
Transport equipment	:	:	:	:	2.0	:
Manufacturing n.e.c.	:	8.2	:	:	:	:
Electricity, gas and water supply	3.6	4.2	:	:	:	0.2
Construction	10.1	13.2	6.5	:	:	:
Motor trades	4.7	6.8	:	:	:	:
Wholesale trade	7.7	9.8	:	:	:	0.3
Retail trade	6.9	8.4	4.0	:	:	:
Hotels and restaurants	8.2	10.8	5.9	4.5	:	:
Land transport	5.3	6.3	3.8	:	:	:
Water transport	6.2	:	:	:	:	:
Air transport	:	:	:	:	:	0.0
Auxiliary transport activities	8.7	13.5	6.8	:	:	:
Post and telecommunications	:	21.3	:	:	:	:
Financial intermediation (except insurance and pension funding)	12.9	12.0	:	:	:	:
Insurance and pension funding	3.6	4.4	5.5	2.9	0.9	0.0
Auxiliary financial activities	10.1	12.2	:	:	:	:
Real estate activities	8.5	9.4	:	:	:	:
Renting	:	:	6.1	:	:	:
Computer and related activities	15.3	19.1	:	:	:	1.0
Research and development	:	:	:	:	:	0.5
Other business activities	10.8	12.8	5.6	4.2	4.3	1.4

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.18: Enterprise birth rates, business economy (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>Total</b>												
1998	:	8.5	10.1	9.7	11.4	13.2	:	9.5	8.5	:	9.1	12.3
1999	8.4	:	10.9	9.6	7.6	13.4	9.6	8.0	7.6	6.3	9.6	11.4
2000	8.5	7.0	10.0	9.7	7.8	12.4	9.4	7.6	7.3	7.0	8.9	10.3
2001	8.3	:	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	:	10.1
<b>0 employees</b>												
1998	:	10.9	14.3	10.9	14.4	19.0	:	11.1	12.3	8.7	9.7	15.1
1999	10.6	8.8	15.4	12.1	9.3	20.2	15.5	10.2	11.3	9.3	10.9	16.7
2000	:	8.9	13.6	12.5	9.6	18.9	15.2	9.0	10.7	:	10.5	:
2001	10.5	:	12.6	11.9	9.5	18.7	15.6	11.0	10.7	8.7	:	15.4
<b>1-4 employees</b>												
1998	:	:	5.5	9.2	:	12.8	:	8.3	4.0	3.5	11.2	13.6
1999	:	4.9	5.4	7.0	3.4	12.5	7.2	5.8	3.3	:	11.2	9.3
2000	:	:	5.8	6.9	3.3	11.3	7.0	6.9	3.2	:	10.0	:
2001	5.2	:	5.6	6.4	3.4	11.5	7.0	9.1	2.8	4.0	:	6.5
<b>5-9 employees</b>												
1998	:	:	1.5	:	:	5.8	:	6.0	1.2	:	3.9	:
1999	:	:	2.1	:	1.6	4.4	3.2	3.4	0.7	0.9	4.9	:
2000	:	:	2.4	:	1.9	4.3	3.6	3.2	0.9	:	5.1	:
2001	3.4	:	2.3	5.4	1.9	3.8	3.7	5.5	0.7	1.5	:	1.9
<b>10-19 employees</b>												
1998	:	:	1.2	:	:	2.8	:	4.5	0.5	1.4	2.6	:
1999	:	:	1.6	:	1.2	2.7	2.7	3.7	0.4	:	3.3	:
2000	:	:	1.9	:	:	2.5	3.6	2.5	0.5	:	3.6	:
2001	2.6	:	1.7	4.2	1.4	2.7	4.0	4.0	0.5	0.7	:	1.3
<b>20+ employees</b>												
1998	:	0.8	0.4	:	:	1.7	:	2.5	:	0.1	0.6	:
1999	:	:	0.6	:	0.4	1.2	1.0	1.0	0.0	0.0	0.7	:
2000	:	:	0.5	:	:	0.7	1.1	0.7	0.1	:	1.1	:
2001	0.8	:	0.4	1.1	0.6	0.8	0.8	1.7	0.1	0.4	:	0.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only. (2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

**Table 3.19: Number of enterprise births, 2001 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	666 497	:	24 275	241 270	294 866	2 805	52 053	18 198	16 902	34 326	:	22 315
Limited liability companies	167 653	:	4 942	79 312	52 138	2 143	15 017	17 792	5 127	8 974	:	7 090
Partnerships and other legal forms	74 274	:	2 860	19 280	35 774	88	9 082	406	2 251	4 939	:	1 938
Sole proprietors	424 570	:	16 473	142 678	206 954	574	27 954	:	9 524	20 413	:	13 287
<i>Industry</i>												
Total	57 129	:	1 602	17 786	29 789	70	3 187	2 282	1 832	2 863	:	1 258
Limited liability companies	18 462	:	398	8 058	7 851	61	887	2 232	513	694	:	537
Partnerships and other legal forms	7 264	:	197	1 806	4 095	0	525	50	277	364	:	127
Sole proprietors	31 403	:	1 007	7 922	17 843	9	1 775	:	1 042	1 805	:	594
<i>Construction</i>												
Total	112 874	:	2 952	45 615	48 990	166	8 517	2 787	2 916	3 718	:	3 293
Limited liability companies	25 837	:	541	13 830	9 063	147	596	2 723	735	925	:	531
Partnerships and other legal forms	:	:	162	3 838	5 092	:	1 106	64	385	304	:	165
Sole proprietors	:	:	2 249	27 947	34 835	:	6 815	:	1 796	2 489	:	2 597
<i>Services</i>												
Total	496 494	:	19 721	177 869	216 087	2 569	40 349	13 129	12 154	27 745	:	17 764
Limited liability companies	123 354	:	4 003	57 424	35 224	1 935	13 534	12 837	3 879	7 355	:	6 022
Partnerships and other legal forms	:	:	2 501	13 636	26 587	:	7 451	292	1 589	4 271	:	1 646
Sole proprietors	:	:	13 217	106 809	154 276	:	19 364	:	6 686	16 119	:	10 096

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.20: Enterprise birth rates, 2001 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	8.3	:	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	:	10.1
Limited liability companies	8.6	:	7.2	9.5	10.0	13.4	7.8	7.6	5.0	4.1	:	6.5
Partnerships and other legal forms	5.7	:	8.6	10.6	4.3	8.7	7.3	3.9	5.2	5.5	:	12.9
Sole proprietors	8.8	:	10.3	8.7	8.4	9.6	12.4	:	10.7	9.7	:	13.8
<i>Industry</i>												
Total	5.6	:	5.1	6.6	5.2	6.8	6.3	5.6	5.2	4.7	:	5.3
Limited liability companies	5.4	:	3.8	5.9	6.4	8.2	4.0	5.7	3.2	2.3	:	4.3
Partnerships and other legal forms	3.3	:	3.0	6.9	2.5	0.0	5.1	3.6	4.7	4.8	:	6.4
Sole proprietors	6.9	:	6.9	7.6	6.3	3.7	9.7	:	7.9	8.0	:	6.4
<i>Construction</i>												
Total	10.1	:	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	:	9.5
Limited liability companies	9.5	:	5.8	10.2	12.7	9.7	3.5	10.2	5.3	3.9	:	4.9
Partnerships and other legal forms	:	:	12.8	10.9	5.0	:	8.0	5.5	6.7	5.5	:	15.3
Sole proprietors	:	:	10.2	14.1	9.5	:	16.3	:	11.6	8.3	:	11.4
<i>Services</i>												
Total	8.4	:	10.0	8.8	7.9	12.8	9.6	7.5	7.4	6.9	:	10.9
Limited liability companies	9.2	:	8.2	10.2	10.8	14.1	8.9	7.7	5.3	4.4	:	7.0
Partnerships and other legal forms	:	:	9.9	11.3	4.7	:	7.4	3.7	5.0	5.5	:	13.7
Sole proprietors	:	:	10.7	8.0	8.5	:	11.7	:	11.0	10.2	:	15.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

#### 3.4: LEGAL FORM BREAKDOWN

Sole proprietorships are enterprises that are personally owned with no limit to personal responsibility. Limited liability companies include private or publicly quoted joint stock companies with limited liability for those owning shares. Finally, partnerships (and other legal forms) include both unlimited and limited liability partnerships (owned by more than one natural person) as well as co-operatives and associations.

Entrepreneurs launching a new activity can choose among a number of different types of legal form when setting-up an enterprise. The decision to choose one legal form over another is likely to be based upon a number of factors, including the ability to meet certain legal criteria (for example, the minimum capital to be liberated), the characteristics of the enterprise (for example, its objective, the number of partners or its expected life time) or simply personal preferences of the person(s) starting-up the business.

This area is new to the second harmonised data collection exercise, and as such information are only available for the 2001 reference year. Data for the EU aggregate based on seven countries show that almost two thirds of all newly born enterprises in the business economy were sole proprietorships in 2001, one quarter were limited liability enterprises and just over one in ten were partnerships or other types of legal forms. Indeed, the majority of newly born enterprises were sole proprietorships in practically all countries <sup>(9)</sup> and all sectors of the business economy - see Table 3.19. The only exceptions to these general trends were in Luxembourg and in the construction sector of Spain, where newly created limited liability enterprises outnumbered other legal forms.

<sup>(9)</sup> Belgium and the United Kingdom, not available.



In more detail, entrepreneurs in Denmark (67.9 %) and Italy (70.2 %) showed a marked preference for setting-up sole proprietorships, in contrast with Finland (56.3 %) or the Netherlands (53.7 %). Luxembourg stood completely at variance with the other countries with a marked preference for limited liability companies that represented as many as 76.4 % of all newly born enterprises in 2001, compared to only 20.5 % of the total that was accounted for by sole proprietorships. Note also the relatively high recourse to the creation of partnerships in Sweden (14.4 %) and the Netherlands (17.4 %).

The proportion of sole proprietors among all newly born enterprises was generally highest in construction activities, accounting for between 61.3 % (Spain) and 78.9 % (Norway) of all enterprise births. Sole proprietorships were also more generally set-up in services compared with industry, although this was not true in the Netherlands, Sweden or Finland.

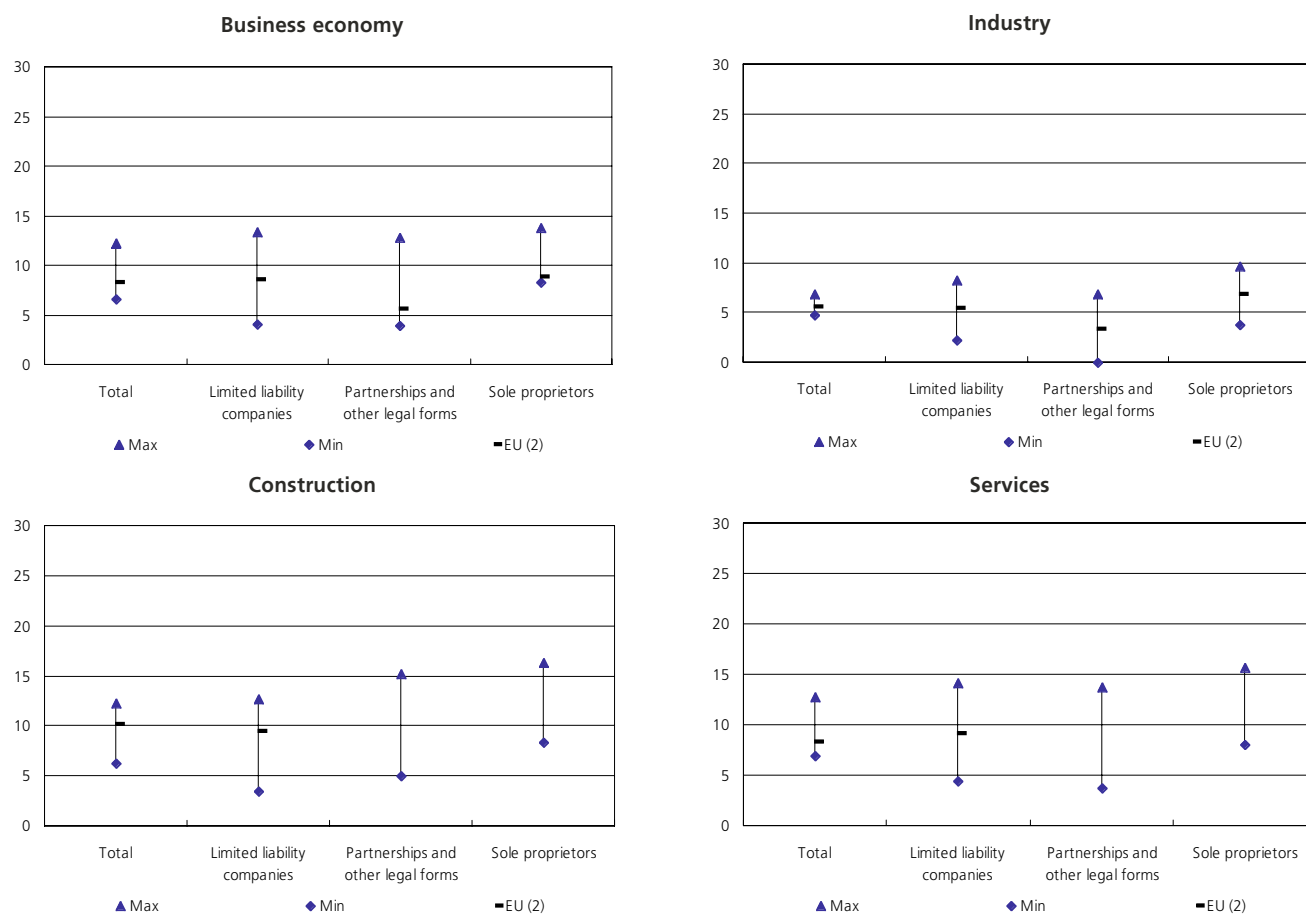
In relative terms, birth rates were generally highest for sole proprietorships, at around 10 % in 2001 - see Table 3.20. Spain was the main exception, as birth rates for both partnerships (10.6 %) and limited liability enterprises (9.5 %) surpassed those for sole proprietorships (8.7 %), while in Italy and Luxembourg limited liability enterprises reported higher birth rates than those recorded for sole proprietorships <sup>(10)</sup>.

In all countries <sup>(11)</sup>, enterprise birth rates were higher for services and construction than they were for industry, regardless of the legal form considered. As such, it would appear that sector-specifics play a more important role in determining the birth rate compared with the impact of the choice of legal form. Nevertheless, where there are specific advantages associated with setting-up a particular legal form in one country then entrepreneurs are clearly aware of the potential benefits (for example, the high proportion of limited liability companies that are started in Luxembourg).

<sup>(10)</sup> Belgium and the United Kingdom, not available; Portugal, sole proprietors not covered.

<sup>(11)</sup> Belgium and the United Kingdom, not available; Luxembourg, partnership and other legal forms and sole proprietors not available; Portugal, sole proprietors not covered.

Figure 3.8: Enterprise birth rates, 2001 (%) (1)



(1) Maximum and minimum values are based on data available for all participating countries; Portugal, sole proprietors not covered; Belgium and the United Kingdom, not available.

(2) EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; partnership and other legal forms and sole proprietors, not available for construction and services.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

**Table 3.21: Density of birth rate, number of enterprise births per 10 000 population, 2001 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	49.8	:	45.3	59.9	51.0	63.5	32.4	17.7	32.6	38.6	:	49.4
Limited liability companies	12.5	:	9.2	19.7	9.0	48.5	9.4	17.3	9.9	10.1	:	15.7
Partnerships and other legal forms	5.5	:	5.3	4.8	6.2	2.0	5.7	0.4	4.3	5.6	:	4.3
Sole proprietors	31.7	:	30.7	35.4	35.8	13.0	17.4	:	18.4	22.9	:	29.4
<i>Industry</i>												
Total	4.3	:	3.0	4.4	5.2	1.6	2.0	2.2	3.5	3.2	:	2.8
Limited liability companies	1.4	:	0.7	2.0	1.4	1.4	0.6	2.2	1.0	0.8	:	1.2
Partnerships and other legal forms	0.5	:	0.4	0.4	0.7	0.0	0.3	0.0	0.5	0.4	:	0.3
Sole proprietors	2.3	:	1.9	2.0	3.1	0.2	1.1	:	2.0	2.0	:	1.3
<i>Construction</i>												
Total	8.4	:	5.5	11.3	8.5	3.8	5.3	2.7	5.6	4.2	:	7.3
Limited liability companies	1.9	:	1.0	3.4	1.6	3.3	0.4	2.6	1.4	1.0	:	1.2
Partnerships and other legal forms	:	:	0.3	1.0	0.9	:	0.7	0.1	0.7	0.3	:	0.4
Sole proprietors	:	:	4.2	6.9	6.0	:	4.2	:	3.5	2.8	:	5.8
<i>Services</i>												
Total	37.1	:	36.8	44.2	37.4	58.1	25.1	12.8	23.4	31.2	:	39.4
Limited liability companies	9.2	:	7.5	14.3	6.1	43.8	8.4	12.5	7.5	8.3	:	13.3
Partnerships and other legal forms	:	:	4.7	3.4	4.6	:	4.6	0.3	3.1	4.8	:	3.6
Sole proprietors	:	:	24.7	26.5	26.7	:	12.1	:	12.9	18.1	:	22.4

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.22: Density of birth rate, number of enterprise births per 10 000 population aged 20-59, 2001 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	88.0	:	80.5	104.0	90.8	111.5	56.7	31.7	58.8	71.9	:	90.2
Limited liability companies	22.1	:	16.4	34.2	16.1	85.2	16.3	31.0	17.8	18.8	:	28.6
Partnerships and other legal forms	9.8	:	9.5	8.3	11.0	3.5	9.9	0.7	7.8	10.3	:	7.8
Sole proprietors	56.0	:	54.6	61.5	63.7	22.8	30.4	:	33.1	42.7	:	53.7
<i>Industry</i>												
Total	7.5	:	5.3	7.7	9.2	2.8	3.5	4.0	6.4	6.0	:	5.1
Limited liability companies	2.4	:	1.3	3.5	2.4	2.4	1.0	3.9	1.8	1.5	:	2.2
Partnerships and other legal forms	1.0	:	0.7	0.8	1.3	0.0	0.6	0.1	1.0	0.8	:	0.5
Sole proprietors	4.1	:	3.3	3.4	5.5	0.4	1.9	:	3.6	3.8	:	2.4
<i>Construction</i>												
Total	14.9	:	9.8	19.7	15.1	6.6	9.3	4.8	10.1	7.8	:	13.3
Limited liability companies	3.4	:	1.8	6.0	2.8	5.8	0.6	4.7	2.6	1.9	:	2.1
Partnerships and other legal forms	:	:	0.5	1.7	1.6	:	1.2	0.1	1.3	0.6	:	0.7
Sole proprietors	:	:	7.5	12.0	10.7	:	7.4	:	6.2	5.2	:	10.5
<i>Services</i>												
Total	65.5	:	65.4	76.7	66.6	102.2	43.9	22.8	42.3	58.1	:	71.8
Limited liability companies	16.3	:	13.3	24.7	10.8	76.9	14.7	22.3	13.5	15.4	:	24.3
Partnerships and other legal forms	:	:	8.3	5.9	8.2	:	8.1	0.5	5.5	8.9	:	6.7
Sole proprietors	:	:	43.8	46.0	47.5	:	21.1	:	23.2	33.7	:	40.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.23: Average size (in terms of persons employed) of newly born enterprises, 2001 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	1.7	:	1.4	2.0	1.5	1.7	2.2	3.7	0.3	1.3	:	1.3
Limited liability companies	2.6	:	2.2	3.1	2.1	1.8	2.8	3.7	0.7	1.6	:	1.8
Partnerships and other legal forms	2.6	:	1.7	2.5	2.8	0.8	3.2	3.9	0.3	1.8	:	1.5
Sole proprietors	1.2	:	1.1	1.3	1.2	1.4	1.4	:	0.2	1.0	:	1.0
<i>Industry</i>												
Total	2.4	:	1.6	3.3	2.1	2.1	3.1	6.6	0.3	1.3	:	2.1
Limited liability companies	3.8	:	2.6	4.5	3.3	2.2	6.2	6.6	0.9	1.8	:	3.7
Partnerships and other legal forms	3.7	:	1.8	6.3	3.1	:	3.4	4.2	0.2	2.0	:	1.2
Sole proprietors	1.3	:	1.1	1.4	1.3	1.1	1.4	:	0.1	1.0	:	0.9
<i>Construction</i>												
Total	2.0	:	1.3	2.8	1.6	3.3	1.6	5.0	0.4	1.4	:	1.2
Limited liability companies	3.8	:	2.3	5.2	2.3	3.3	4.2	5.0	1.0	2.0	:	2.0
Partnerships and other legal forms	:	:	1.4	2.4	3.1	:	2.6	3.1	0.4	2.0	:	1.5
Sole proprietors	:	:	1.1	1.6	1.2	:	1.2	:	0.2	1.0	:	1.0
<i>Services</i>												
Total	1.5	:	1.4	1.7	1.4	1.6	2.2	2.9	0.3	1.3	:	1.3
Limited liability companies	2.1	:	2.1	2.4	1.8	1.7	2.6	2.9	0.6	1.5	:	1.6
Partnerships and other legal forms	:	:	1.7	2.0	2.7	:	3.3	4.0	0.3	1.8	:	1.5
Sole proprietors	:	:	1.1	1.2	1.1	:	1.6	:	0.2	1.0	:	1.0

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.24: Proportion of total employment among active enterprises accounted for by newly born enterprises, 2001 (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
Total	3.0	:	2.2	3.9	3.1	2.1	2.2	2.7	0.5	1.6	:	2.2
Limited liability companies	1.8	:	1.0	2.9	1.5	2.0	1.2	2.7	0.3	0.6	:	1.2
Partnerships and other legal forms	3.1	:	3.1	4.7	2.7	0.4	3.2	1.5	0.7	3.7	:	2.2
Sole proprietors	6.7	:	6.8	7.0	6.2	4.9	8.8	:	2.4	8.5	:	9.4
<i>Industry</i>												
Total	1.3	:	0.6	2.0	1.2	0.4	1.0	1.7	0.1	0.4	:	0.9
Limited liability companies	0.8	:	0.3	1.4	0.8	0.4	0.7	1.7	0.1	0.2	:	0.7
Partnerships and other legal forms	1.9	:	1.7	5.2	1.3	0.0	1.2	0.8	0.5	2.4	:	0.7
Sole proprietors	4.2	:	4.0	5.2	3.6	0.9	6.7	:	1.7	7.1	:	4.9
<i>Construction</i>												
Total	5.1	:	2.4	6.7	5.0	1.8	2.8	5.0	1.0	2.1	:	2.8
Limited liability companies	3.8	:	1.1	5.3	4.4	1.7	0.7	5.0	0.7	1.0	:	1.0
Partnerships and other legal forms	:	:	3.9	7.3	3.6	:	4.7	3.4	1.3	4.5	:	10.3
Sole proprietors	:	:	5.6	11.3	6.4	:	11.6	:	3.0	7.2	:	8.7
<i>Services</i>												
Total	3.4	:	3.0	4.0	3.8	2.5	2.5	2.9	0.6	2.2	:	2.6
Limited liability companies	2.0	:	1.4	2.9	1.9	2.4	1.4	3.0	0.4	0.9	:	1.5
Partnerships and other legal forms	:	:	3.3	4.0	3.2	:	3.5	1.5	0.6	3.9	:	2.3
Sole proprietors	:	:	7.4	6.3	6.8	:	8.5	:	2.3	9.0	:	10.0

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.25: Enterprise birth rates, EU, 2001 (%) (1)

	Total	Limited liability companies	Partnerships and other legal forms	Sole proprietors
Business economy	8.3	8.6	5.7	8.8
Mining and quarrying	4.1	4.2	3.2	4.7
Food products, beverages and tobacco	4.9	:	3.2	:
Textiles and textile products	:	:	3.7	:
Leather and leather products	6.3	6.8	:	:
Wood and wood products	4.1	4.8	2.4	4.5
Pulp, paper, publishing and printing	6.4	:	4.9	:
Coke, refined petroleum and nuclear fuel	4.4	:	:	:
Chemicals and chemical products	:	:	:	:
Rubber and plastic products	:	:	2.6	6.5
Other non-metallic mineral products	:	:	2.6	:
Basic metals and metal products	5.8	:	3.3	:
Machinery and equipment n.e.c.	5.7	5.1	3.2	7.9
Electrical and optical equipment	5.5	5.8	:	:
Transport equipment	:	:	5.0	:
Manufacturing n.e.c.	:	:	:	:
Electricity, gas and water supply	3.6	:	1.9	:
Construction	10.1	9.5	:	:
Motor trades	4.7	5.9	3.0	4.8
Wholesale trade	7.7	7.7	:	:
Retail trade	6.9	8.4	:	:
Hotels and restaurants	8.2	9.7	:	:
Land transport	5.3	5.4	4.6	5.3
Water transport	6.2	:	:	:
Air transport	:	:	:	:
Auxiliary transport activities	8.7	:	8.5	:
Post and telecommunications	:	:	16.1	:
Financial intermediation (except insurance and pension funding)	12.9	14.3	:	:
Insurance and pension funding	3.6	3.6	:	:
Auxiliary financial activities	10.1	11.0	:	:
Real estate activities	8.5	10.6	4.6	9.2
Renting	:	:	9.5	:
Computer and related activities	15.3	:	:	:
Research and development	:	:	:	:
Other business activities	10.8	10.5	9.1	11.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

#### 3.5: EFFECTS ON EMPLOYMENT

The potential contribution of enterprise creation to employment is one of the most important aspects that draws the attention of policy makers to the subject of enterprise demography. In this context, enterprise creation can be seen as both an indicator of competitiveness, as a factor of economic growth and as a vital means of job creation.

The net effect of business dynamics on employment levels is the result of three fundamentals: the number of persons employed at the moment of start-up, the subsequent increases/decreases of employment that occur among enterprises that survive and the jobs shed by enterprises that die. This subchapter concentrates on the first of these aspects, while there are also sections on the effects of employment within the chapters on the survival and death of enterprises (Chapters 4 and 5).

**Table 3.26: Proportion of total employment among active enterprises accounted for by newly born enterprises, 2001 (%)**

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Business economy	3.0	:	2.2	3.9	3.1	2.1	2.2	2.7	0.5	1.6	:	2.2
Mining and quarrying	:	:	:	1.0	0.7	0.9	3.8	2.3	0.3	0.2	1.3	1.4
Food products, beverages and tobacco	1.2	0.7	0.2	1.6	1.5	1.2	0.7	1.7	0.1	0.3	0.6	0.5
Textiles and textile products	:	0.5	1.5	3.7	1.7	:	1.7	1.9	0.1	2.1	2.1	0.8
Leather and leather products	:	:	0.5	3.7	1.8	:	:	2.2	0.0	0.9	0.7	:
Wood and wood products	1.6	0.8	0.5	2.3	1.6	0.0	1.5	2.2	0.2	1.0	2.0	:
Pulp, paper, publishing and printing	1.2	1.3	1.3	2.0	1.2	0.5	1.0	1.5	0.1	0.7	1.5	0.7
Coke, refined petroleum and nuclear fuel	:	:	0.0	0.0	0.2	:	:	:	0.0	0.2	0.3	:
Chemicals and chemical products	:	0.1	:	0.6	0.3	:	0.3	:	0.0	0.1	0.6	0.4
Rubber and plastic products	:	0.2	0.3	1.3	0.8	:	0.7	0.7	0.1	0.3	1.0	:
Other non-metallic mineral products	:	0.3	0.4	1.6	1.1	:	0.9	1.2	0.1	0.5	1.7	0.5
Basic metals and metal products	1.5	0.6	1.1	2.2	1.5	0.2	1.2	2.4	0.3	0.5	1.1	1.0
Machinery and equipment n.e.c.	0.9	0.5	0.3	2.0	0.8	0.0	0.8	1.6	0.1	0.2	0.7	1.7
Electrical and optical equipment	1.2	0.2	0.4	1.3	1.5	0.7	1.7	0.6	0.1	0.2	0.8	0.5
Transport equipment	:	0.4	:	1.1	0.5	:	0.5	0.6	0.3	0.4	2.0	1.4
Manufacturing n.e.c.	:	1.6	0.8	3.6	1.5	:	0.9	2.2	0.3	0.7	3.2	1.0
Electricity, gas and water supply	:	0.0	:	0.4	0.2	0.1	0.2	0.4	0.2	0.1	:	2.1
Construction	5.1	2.1	2.4	6.7	5.0	1.8	2.8	5.0	1.0	2.1	3.4	2.8
Motor trades	2.2	1.6	1.5	2.8	2.0	1.7	2.1	2.8	0.4	1.6	2.1	1.5
Wholesale trade	3.1	1.7	1.7	3.4	4.2	1.9	2.0	3.2	0.4	1.4	1.8	2.1
Retail trade	3.5	2.3	3.2	4.5	3.7	2.1	1.8	2.8	0.5	1.8	1.8	1.8
Hotels and restaurants	4.5	4.7	4.5	5.6	3.8	5.3	3.8	3.1	1.1	2.9	4.4	2.0
Land transport	2.3	0.8	2.4	3.0	2.4	1.3	1.1	3.2	0.7	1.0	1.6	1.8
Water transport	1.3	:	0.5	0.6	1.1	7.1	2.9	2.5	0.1	0.8	2.7	1.1
Air transport	:	:	0.0	0.1	0.1	:	0.2	:	0.0	0.3	0.1	0.0
Auxiliary transport activities	2.3	0.9	1.8	2.1	3.0	1.7	1.4	1.0	0.3	1.4	1.3	1.6
Post and telecommunications	:	0.9	5.5	1.7	0.4	:	1.2	:	0.1	0.7	1.5	0.6
Financial intermediation	0.5	0.8	0.2	0.1	0.1	1.0	2.6	0.0	0.1	0.3	0.3	:
Insurance and pension funding	:	0.0	:	0.1	0.0	0.1	0.2	0.2	0.1	0.0	0.3	:
Auxiliary financial activities	:	2.8	:	6.3	6.5	3.8	4.2	4.0	2.3	3.4	4.4	:
Real estate activities	5.3	3.4	3.0	7.7	5.4	8.0	4.0	6.8	1.3	2.2	3.9	6.1
Renting	:	2.6	4.0	4.9	6.8	:	2.8	3.0	0.4	3.1	2.8	6.5
Computer and related activities	4.7	4.2	7.6	5.0	4.8	5.3	5.2	5.8	0.8	3.3	7.0	:
Research and development	:	0.3	1.1	4.3	7.0	:	1.3	1.4	0.6	1.7	1.2	:
Other business activities	4.3	2.2	4.5	3.8	5.9	2.9	3.2	3.4	0.9	3.6	3.2	4.6

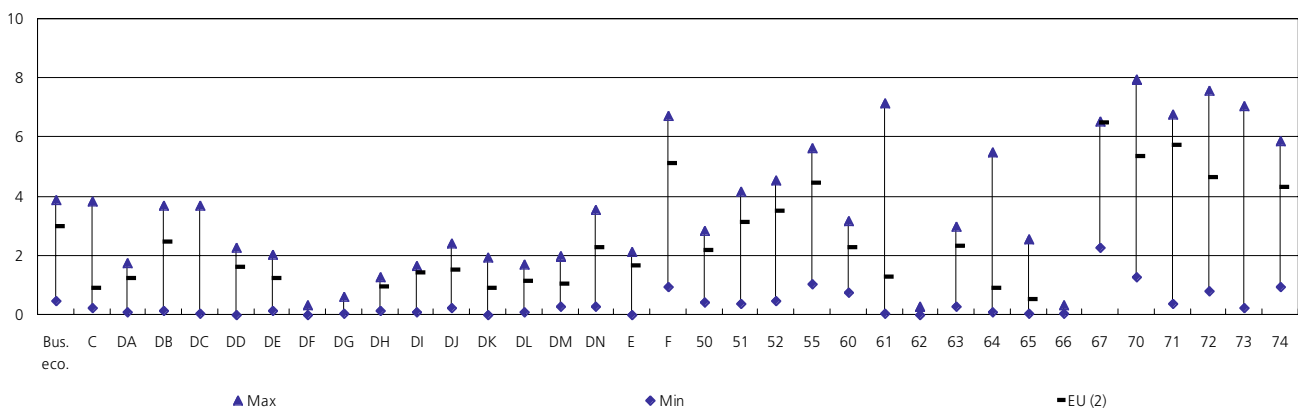
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.9: Proportion of total employment among active enterprises accounted for by newly born enterprises, breakdown by NACE activity, 2001 (%) (1)**



(1) Maximum and minimum values are based on data available for all participating countries; Portugal, sole proprietors not covered; Belgium and the United Kingdom, 2000.

(2) EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; textiles, transport equipment and auxiliary financial services, 2000; rubber and plastics, other non metallic minerals, manufacturing n.e.c, utilities, post and telecommunications and renting, 1999; leather, coke and petroleum products, chemicals, air transport, insurance and pension funding, and research and development, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The impact of enterprise creation on employment levels is shown in Table 3.26 <sup>(12)</sup>. The number of persons employed that were working in newly born enterprises accounted in most countries for at least 2.0 % of the total workforce, a share that surpassed 3.0 % in Italy (3.1 %) and Spain (3.9 %) in 2001. Only Sweden (1.6 %) and Finland (0.5 %) reported considerably lower proportions of employment accounted for by enterprise creation. Note that the employment data for Denmark, the Netherlands and Finland relate to full-time equivalents (FTEs) and as such will be under-reported compared with the other countries.

The contribution of newly born enterprises to employment was generally higher in services and construction activities than it was for industrial activities, mirroring the generally higher birth rates that were recorded in services and construction. Figure 3.9 shows that the variation between countries in the employment share of enterprise births was generally higher in the services sector than for industrial activities.

The highest proportion of persons working in newly created enterprises was found in real estate activities (8.0 % in Luxembourg and more than 6.0 % in three other countries), in computer services (7.6 % in Denmark and more than 5.0 % in five other countries) and in auxiliary financial services (6.5 % in Italy and more than 4.0 % in five other countries). These values strongly contrast with sectors such as insurance, air transport and the processing of energy-related products, where the contribution of new enterprises to total employment never exceeded 0.3 % in any of the countries for which data are available.

<sup>(12)</sup> Belgium and the United Kingdom, 2000.

Comparing enterprise birth rates with the proportions of total employment accounted for by newly born enterprises it was often the case that sectors with high birth rates remained to a large extent neutral in terms of employment creation. Post and telecommunications, for example, boasted among the highest birth rates within the business economy (between 10.1 % and 22.0 % see Subchapter 3.2), but employment creation within this activity was below 1.5 % of the total number of persons employed in most countries. In a similar fashion, newly born enterprises in the financial intermediation sector accounted for less than 0.3 % of total employment in a majority of countries, while birth rates in this sector surpassed 20.0 % in two cases. These cases of high enterprise creation and relatively low employment creation appear to often be found in sectors where new entrants are particularly small-sized and face particularly large-sized incumbents, with labour markets dominated by large network enterprises, such as post authorities, telecommunications groups or banks. Nevertheless, as these markets are liberalised and open-up to competition, possibilities for starting a business with low barriers to entry exist. This would appear to be particularly the case for self-employed persons, as suppliers, partners or competitors to the large incumbents already in the market, in the form of financial intermediaries or brokers or as niche market providers, such as courier enterprises.

**Table 3.27: Proportion of total employment among active enterprises accounted for by newly born enterprises, EU (%) (1)**

	1999	2000	2001
Business economy	3.1	:	3.0
Mining and quarrying	0.9	:	:
Food products, beverages and tobacco	:	1.6	1.2
Textiles and textile products	:	2.5	:
Leather and leather products	:	:	:
Wood and wood products	:	:	1.6
Pulp, paper, publishing and printing	1.4	:	1.2
Coke, refined petroleum and nuclear fuel	:	:	:
Chemicals and chemical products	:	:	:
Rubber and plastic products	1.0	:	:
Other non-metallic mineral products	1.4	:	:
Basic metals and metal products	1.7	1.5	1.5
Machinery and equipment n.e.c.	:	:	0.9
Electrical and optical equipment	:	:	1.2
Transport equipment	0.7	1.0	:
Manufacturing n.e.c.	2.3	:	:
Electricity, gas and water supply	1.6	:	:
Construction	5.3	5.3	5.1
Motor trades	2.4	2.3	2.2
Wholesale trade	3.5	3.3	3.1
Retail trade	3.6	3.6	3.5
Hotels and restaurants	4.7	4.4	4.5
Land transport	:	2.5	2.3
Water transport	1.8	:	1.3
Air transport	:	:	:
Auxiliary transport activities	:	:	2.3
Post and telecommunications	0.9	:	:
Financial intermediation	:	:	0.5
Insurance and pension funding	:	:	:
Auxiliary financial activities	6.2	6.5	:
Real estate activities	5.5	5.4	5.3
Renting	5.7	:	:
Computer and related activities	:	:	4.7
Research and development	:	:	:
Other business activities	4.2	4.4	4.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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Table 3.28: Paid employment rate among newly born enterprises, 2001 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Business economy	39.3	:	40.5	50.7	21.1	69.2	61.6	97.6	65.5	37.0	:	50.9
Mining and quarrying	:	:	:	71.4	41.3	0.0	96.1	98.5	84.6	52.4	81.4	94.4
Food products, beverages and tobacco	41.3	78.6	69.9	48.4	24.8	93.4	81.4	98.4	64.1	58.5	84.6	87.4
Textiles and textile products	:	75.5	12.2	46.9	41.6	:	58.4	99.6	56.3	11.0	89.3	25.0
Leather and leather products	:	:	0.0	80.6	50.5	:	:	99.7	0.0	0.0	74.3	:
Wood and wood products	44.2	54.6	43.7	67.5	24.7	:	67.9	97.1	78.0	18.6	67.5	:
Pulp, paper, publishing and printing	47.3	69.8	52.4	56.1	27.3	66.7	73.0	96.4	83.5	29.4	79.2	43.1
Coke, refined petroleum and nuclear fuel	:	:	:	:	63.0	:	:	:	:	0.0	87.5	:
Chemicals and chemical products	:	82.9	:	51.7	46.4	:	89.2	98.9	80.0	31.8	90.9	95.1
Rubber and plastic products	:	:	69.1	67.4	53.6	:	80.7	98.9	91.3	56.7	92.5	:
Other non-metallic mineral products	:	72.5	21.5	60.4	38.4	:	69.1	98.0	61.5	13.3	81.4	70.4
Basic metals and metal products	55.4	61.1	52.0	67.6	44.8	72.0	65.8	99.5	75.7	46.6	79.1	78.2
Machinery and equipment n.e.c.	45.3	85.9	51.3	44.7	41.2	:	72.7	97.4	66.2	48.8	85.1	77.2
Electrical and optical equipment	56.9	54.5	53.9	52.9	50.4	64.7	90.3	96.0	86.0	43.5	87.8	75.3
Transport equipment	:	93.7	:	82.6	50.7	:	57.0	99.6	86.8	72.9	96.6	95.7
Manufacturing n.e.c.	:	69.0	41.7	45.6	33.5	:	47.9	99.4	56.1	14.5	82.6	68.5
Electricity, gas and water supply	:	:	:	83.6	64.3	0.0	84.3	96.3	90.0	23.3	:	92.5
Construction	48.8	39.9	38.4	65.4	25.2	78.6	32.9	97.1	68.7	39.9	62.6	31.9
Motor trades	37.7	46.6	27.4	48.4	19.0	66.1	60.9	99.2	50.0	36.0	64.6	49.5
Wholesale trade	30.8	53.7	45.7	46.4	9.2	56.9	65.3	98.5	76.3	42.2	76.9	60.2
Retail trade	26.3	47.3	23.4	35.3	9.1	57.4	58.1	98.5	58.6	25.8	64.4	52.4
Hotels and restaurants	46.2	60.7	50.4	53.8	23.7	65.7	70.7	97.7	61.7	48.9	73.7	74.8
Land transport	34.9	64.5	43.8	39.3	23.7	84.6	57.1	99.9	37.3	38.5	61.2	34.4
Water transport	67.7	:	88.5	100.0	46.7	99.1	64.8	97.9	100.0	66.1	87.4	94.4
Air transport	:	:	0.0	100.0	82.5	:	80.3	98.3	:	87.8	91.3	0.0
Auxiliary transport activities	60.8	73.6	83.2	59.0	59.4	77.8	69.7	96.8	75.0	54.6	80.0	78.6
Post and telecommunications	:	42.4	91.2	67.8	47.1	:	59.2	99.6	81.8	85.5	67.9	40.4
Financial intermediation	90.6	94.6	93.0	100.0	40.7	75.7	98.3	100.0	95.0	90.4	89.7	:
Insurance and pension funding	:	88.9	:	100.0	85.0	100.0	98.1	92.9	100.0	100.0	93.9	:
Auxiliary financial activities	:	89.2	:	22.2	17.3	88.4	86.9	98.7	95.1	82.9	94.1	:
Real estate activities	33.8	57.3	26.4	47.9	4.4	47.1	72.1	89.1	73.6	40.0	81.1	56.8
Renting	:	33.0	28.5	44.6	13.5	:	53.2	94.7	38.5	26.3	72.6	63.2
Computer and related activities	35.2	49.8	33.6	46.4	17.9	72.2	55.0	96.8	78.8	43.6	91.5	:
Research and development	:	41.4	90.0	34.7	6.0	:	77.3	96.4	61.9	51.0	96.0	:
Other business activities	30.9	42.2	25.7	39.0	16.6	65.9	61.0	95.5	62.7	28.2	78.5	40.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.29: Average size (in terms of persons employed) of newly born enterprises, 2001 (units)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
Business economy	1.7	:	1.4	2.0	1.5	1.7	2.2	3.7	0.3	1.3	:	1.3
Mining and quarrying	:	:	:	2.8	2.1	1.0	16.9	5.7	0.3	1.2	2.8	1.1
Food products, beverages and tobacco	2.6	2.5	2.4	4.1	1.8	10.2	5.3	7.4	0.4	2.0	5.0	2.9
Textiles and textile products	:	2.1	1.1	3.7	2.2	:	2.4	11.5	0.1	1.1	5.2	0.9
Leather and leather products	:	:	1.0	4.4	2.6	:	:	15.4	0.1	1.1	2.7	:
Wood and wood products	1.8	1.3	1.4	2.8	1.6	:	2.7	5.0	0.4	1.1	2.6	:
Pulp, paper, publishing and printing	1.8	1.8	1.7	1.9	1.8	0.9	2.7	3.3	0.4	1.3	2.4	1.1
Coke, refined petroleum and nuclear fuel	:	:	:	:	2.7	:	:	:	:	1.3	3.2	:
Chemicals and chemical products	:	1.2	:	4.2	2.2	:	3.8	5.0	0.2	0.7	5.2	4.4
Rubber and plastic products	:	1.8	1.6	4.6	2.7	:	3.3	5.3	0.5	1.3	7.2	:
Other non-metallic mineral products	:	1.6	1.1	4.5	1.9	:	2.9	5.4	0.2	1.2	3.7	1.8
Basic metals and metal products	2.4	1.5	1.7	2.8	2.2	1.7	2.6	5.3	0.6	1.4	2.9	2.4
Machinery and equipment n.e.c.	2.3	2.6	1.4	3.1	2.0	:	2.6	4.3	0.4	1.2	3.9	2.6
Electrical and optical equipment	2.6	1.0	1.4	2.8	2.4	1.7	6.4	3.8	0.6	1.3	2.5	1.8
Transport equipment	:	5.4	:	7.0	2.6	:	1.9	8.7	0.7	3.2	14.6	8.8
Manufacturing n.e.c.	:	2.0	1.4	3.5	1.7	:	1.9	5.0	0.2	1.1	3.4	1.4
Electricity, gas and water supply	:	0.3	:	1.2	3.3	0.3	2.8	5.4	0.3	0.6	:	1.4
Construction	2.0	1.1	1.3	2.8	1.6	3.3	1.6	5.0	0.4	1.4	2.1	1.2
Motor trades	1.7	1.0	1.2	1.9	1.6	1.7	2.5	3.2	0.3	1.3	2.4	1.4
Wholesale trade	1.5	0.9	1.2	1.9	1.4	0.9	2.1	3.0	0.2	1.3	2.1	1.3
Retail trade	1.5	1.2	1.3	1.6	1.4	1.7	2.5	2.5	0.2	1.2	2.4	1.2
Hotels and restaurants	2.1	1.7	1.8	2.0	1.9	2.7	4.1	3.6	0.6	1.9	4.2	2.3
Land transport	1.6	1.4	1.5	1.5	1.6	3.5	2.3	2.5	0.7	1.2	2.2	1.4
Water transport	2.4	:	2.0	1.5	2.8	2.0	3.0	9.6	0.3	2.1	3.8	2.6
Air transport	:	:	0.4	4.4	5.7	:	2.9	10.0	0.0	5.9	1.9	0.3
Auxiliary transport activities	2.9	1.5	3.1	2.2	4.1	1.7	2.2	3.6	0.2	1.5	2.4	1.7
Post and telecommunications	:	1.1	9.8	2.8	2.2	:	2.3	6.2	0.5	4.6	2.1	1.3
Financial intermediation	1.5	2.3	0.9	1.6	1.7	0.9	1.7	2.5	0.3	1.2	2.4	:
Insurance and pension funding	:	1.3	:	0.7	6.7	0.4	2.3	5.6	2.7	0.3	4.3	:
Auxiliary financial activities	:	1.4	:	1.0	1.3	2.9	2.0	2.8	0.3	1.7	6.1	:
Real estate activities	1.1	0.5	0.8	1.2	1.2	0.7	1.5	1.9	0.3	0.9	2.4	0.6
Renting	:	0.7	0.8	1.2	1.3	:	1.9	2.8	0.1	1.1	2.3	1.6
Computer and related activities	1.5	0.9	1.3	1.8	1.4	1.5	1.8	2.6	0.3	1.4	1.9	:
Research and development	:	0.9	2.2	0.5	1.2	:	1.8	2.5	0.5	1.2	3.5	:
Other business activities	1.4	0.9	1.2	1.6	1.3	1.8	2.0	3.2	0.3	1.2	2.3	1.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In the majority of countries, less than half of the total number of persons employed by newly born enterprises were employees (see Table 3.28) <sup>(13)</sup>, the majority being either self-employed or family workers without a wage or salary. This is no surprise given the breakdown of enterprise births by size-class, with a high proportion of enterprises born with no employees. Indeed, many enterprises may be started while the entrepreneur continues to work as a paid employee for another enterprise, or alternatively do not draw a salary in the initial stages of setting-up their own business. An activity breakdown highlights notable differences within the business economy that reflect to some degree the distribution of paid employment within the whole population of active enterprises. Indeed, the proportion of paid employees within the workforce of new enterprises generally exceeded 9 out of 10 persons employed in financial intermediation and insurance, while it was above 8 out of 10 for water and air transport. Within industrial activities, such as transport equipment, electricity, gas and water supply and the chemicals industry there were also high paid employment rates. At the other end of the scale, paid employees accounted in most countries for less than 40 % of the total number of persons employed in the construction sector, renting, business services and land transport, underlining the importance of other employment forms in these activities.

<sup>(13)</sup> Belgium and the United Kingdom, 2000; Portugal, sole proprietors not covered.

The average size of newly born enterprises for the whole of the business economy ranged in most countries between 1.3 persons employed (in Sweden and Norway) and 2.2 persons employed in the Netherlands, excluding Finland and Portugal <sup>(14)</sup>. Enterprises created in the services sector or in construction were generally smaller than their industrial counterparts. At a more detailed level, real estate activities reported the lowest average size of newly born enterprises, with less than 1.0 person employed per enterprise in the majority of countries. They were joined by wholesale trade, renting, and research and development activities that all reported that enterprise births averaged less than 1.5 persons employed in most countries. The largest average size for newly born enterprises was recorded in transport equipment manufacturing (in general more than 5.0 persons employed), the chemical industry (more than 4.0 persons employed) and air transport services (more than 3.0 persons employed).

<sup>(14)</sup> Figures for Finland and Portugal are affected by methodological discrepancies.

**Table 3.30: Absolute difference in the average size (in terms of persons employed) of enterprises between active enterprises and newly born enterprises (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	3.7	4.8	2.1	2.4	7.4	:	2.4	4.4	:	7.9	5.0
1999	2.9	:	4.7	2.3	2.4	7.8	7.3	2.6	4.7	4.1	:	5.1
2000	:	3.8	4.4	2.4	2.4	8.2	:	2.8	4.7	3.9	:	5.0
2001	3.0	:	4.4	2.6	2.3	8.4	7.2	6.6	4.9	4.0	:	4.6
<i>Industry</i>												
1998	:	12.9	12.6	6.8	7.1	31.6	:	7.3	11.6	:	20.2	12.6
1999	8.0	:	12.2	6.8	6.8	32.9	17.6	7.7	12.0	13.2	:	12.5
2000	:	13.2	12.0	7.1	6.8	33.5	:	7.8	12.1	12.8	:	12.2
2001	8.2	:	12.1	7.8	6.8	34.1	17.1	15.9	12.2	12.9	:	10.7
<i>Construction</i>												
1998	:	2.1	4.0	1.7	1.4	10.8	:	1.5	2.7	2.6	2.6	2.3
1999	2.0	2.0	3.9	2.1	1.4	11.3	5.6	1.6	2.9	3.0	2.8	2.6
2000	2.0	2.2	3.7	2.2	1.4	12.8	5.3	1.9	3.1	2.7	2.8	2.8
2001	2.0	:	3.7	2.3	1.3	13.2	5.1	5.0	3.1	2.7	:	2.8
<i>Services</i>												
1998	:	2.8	3.6	1.6	1.5	5.5	:	1.6	3.2	2.6	7.0	4.2
1999	2.1	2.9	3.5	1.7	1.5	6.0	6.3	1.8	3.5	2.9	7.2	4.5
2000	2.2	3.0	3.2	1.8	1.6	6.3	6.3	1.9	3.4	2.7	6.4	4.3
2001	2.3	:	3.2	2.0	1.6	6.6	6.4	4.6	3.8	2.8	:	4.0

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



### 3. NEWLY BORN ENTERPRISES

Comparing the average size of newly born enterprises to the average size of active enterprises (see Table 3.31), newly born enterprises were on average between one quarter and half the average size of incumbents. However, this ratio often fell to one sixth of the size for enterprises born in the industrial sector. Hence, while the average size of newly born enterprises was generally higher in industrial activities, new entrants were nevertheless comparatively small in comparison to incumbents already established in their activity.

A size-class breakdown of employment in newly born enterprises is shown in Table 3.33 <sup>(15)</sup>. The information presented shows that newly born enterprises with no employees accounted for approximately 10 % of the total number of persons employed in the whole of the business economy within this size-class. This proportion was generally higher for construction and services than it was for industry. The share of newly born enterprises in total employment consistently decreased with the size-class being studied, other than in the Netherlands, where enterprises with 10 to 19 employees in construction and services recorded a higher contribution from newly born enterprises to total employment than newly born enterprises with 5 to 9 employees.

<sup>(15)</sup> Belgium and the United Kingdom, 2000.

**Table 3.31: Relative difference in the average size (in terms of persons employed) of newly born enterprises compared with active enterprises (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	24.2	21.0	49.8	36.4	20.6	:	45.0	10.4	:	22.0	25.0
1999	36.7	:	21.7	47.4	37.9	18.6	22.3	39.4	7.3	20.6	:	21.4
2000	:	23.3	23.7	46.2	37.5	16.8	:	36.0	7.4	25.8	:	20.8
2001	36.2	:	24.2	43.0	39.8	16.8	23.0	35.8	6.5	24.6	:	22.2
<i>Industry</i>												
1998	:	12.2	10.8	36.4	19.4	11.5	:	31.5	4.4	:	13.4	16.2
1999	24.5	:	11.5	37.7	22.3	7.5	12.8	24.8	2.6	7.9	:	14.7
2000	:	12.5	11.7	36.4	22.6	6.8	:	23.5	2.7	9.3	:	13.4
2001	22.7	:	11.4	29.7	23.6	5.7	15.2	29.3	2.7	9.3	:	16.3
<i>Construction</i>												
1998	:	34.4	25.4	64.1	49.5	30.6	:	55.3	19.1	33.5	41.2	40.9
1999	50.3	36.9	27.9	57.3	52.3	28.6	23.0	48.7	14.2	26.4	41.9	35.3
2000	49.4	33.9	27.7	55.6	50.8	21.3	24.0	40.8	11.4	33.0	42.3	28.8
2001	50.3	:	26.8	54.5	55.5	20.0	23.5	50.0	11.6	33.6	:	29.1
<i>Services</i>												
1998	:	29.0	25.9	52.5	46.6	22.6	:	52.6	13.0	32.8	24.0	27.4
1999	41.2	29.3	26.2	49.5	46.6	20.9	25.4	46.8	9.1	26.8	24.7	22.9
2000	41.3	27.5	29.2	48.3	45.7	19.2	26.6	44.2	9.8	33.4	28.6	23.1
2001	40.7	:	30.1	45.1	48.1	19.4	25.8	38.5	7.9	31.3	:	24.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 3.32: Proportion of total employment among active enterprises accounted for by newly born enterprises, 2001 (%)**

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (3)	FI	SE	UK (2)	NO
<i>Business economy</i>												
Total	3.0	:	2.2	3.9	3.1	2.1	2.2	2.7	0.5	1.6	:	2.2
0 employees	10.1	:	13.0	12.1	9.0	15.6	15.0	11.8	3.7	8.9	:	16.1
1-4 employees	4.6	:	4.5	6.2	3.1	9.6	5.7	8.2	2.1	3.5	:	5.0
5-9 employees	3.3	:	2.2	5.2	1.9	3.5	3.5	5.4	0.6	1.4	:	1.8
10-19 employees	2.6	:	1.6	4.2	1.3	2.6	4.1	3.9	0.4	0.7	:	1.3
20+ employees	0.4	:	0.4	0.5	0.3	0.4	0.3	0.8	0.0	0.2	:	0.5
<i>Industry</i>												
Total	1.3	0.5	0.6	2.0	1.2	0.4	1.0	1.7	0.1	0.4	:	0.9
0 employees	8.7	7.1	7.4	12.0	7.5	14.4	11.4	9.5	2.6	7.3	:	8.3
1-4 employees	3.7	:	3.3	5.4	2.8	4.9	4.2	8.6	1.8	2.3	:	3.2
5-9 employees	:	:	1.7	4.1	1.6	:	3.1	5.1	0.5	0.7	:	1.4
10-19 employees	1.5	:	1.0	2.5	1.0	0.0	2.9	3.6	0.4	0.2	:	1.0
20+ employees	:	:	0.1	0.3	0.1	:	0.2	0.8	0.0	0.1	:	0.5
<i>Construction</i>												
Total	5.1	2.1	2.4	6.7	5.0	1.8	2.8	5.0	1.0	2.1	3.4	2.8
0 employees	12.8	8.5	14.9	16.5	10.9	23.5	18.8	7.3	4.2	8.4	11.0	12.1
1-4 employees	6.1	2.7	3.5	9.3	4.4	11.2	4.0	11.6	2.6	3.1	6.0	4.2
5-9 employees	:	1.8	2.1	9.1	2.4	:	1.9	10.6	0.9	1.4	3.7	1.2
10-19 employees	:	1.2	1.3	7.8	1.6	:	2.4	6.6	0.5	0.5	2.5	0.8
20+ employees	:	0.1	0.1	2.1	0.9	:	0.1	1.5	0.1	0.4	0.4	0.2
<i>Services</i>												
Total	3.4	2.1	3.0	4.0	3.8	2.5	2.5	2.9	0.6	2.2	2.7	2.6
0 employees	9.9	8.9	13.5	11.3	8.9	15.3	14.4	13.0	3.7	9.2	:	18.6
1-4 employees	4.5	4.5	4.8	5.7	2.8	9.7	6.0	7.8	2.0	3.7	8.9	5.4
5-9 employees	3.1	:	2.4	4.4	2.0	3.4	3.8	4.2	0.6	1.6	:	2.0
10-19 employees	:	2.2	2.0	3.2	1.7	:	4.8	3.2	0.4	0.8	:	1.4
20+ employees	:	:	0.7	0.3	0.5	:	0.3	0.7	0.0	0.3	:	0.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

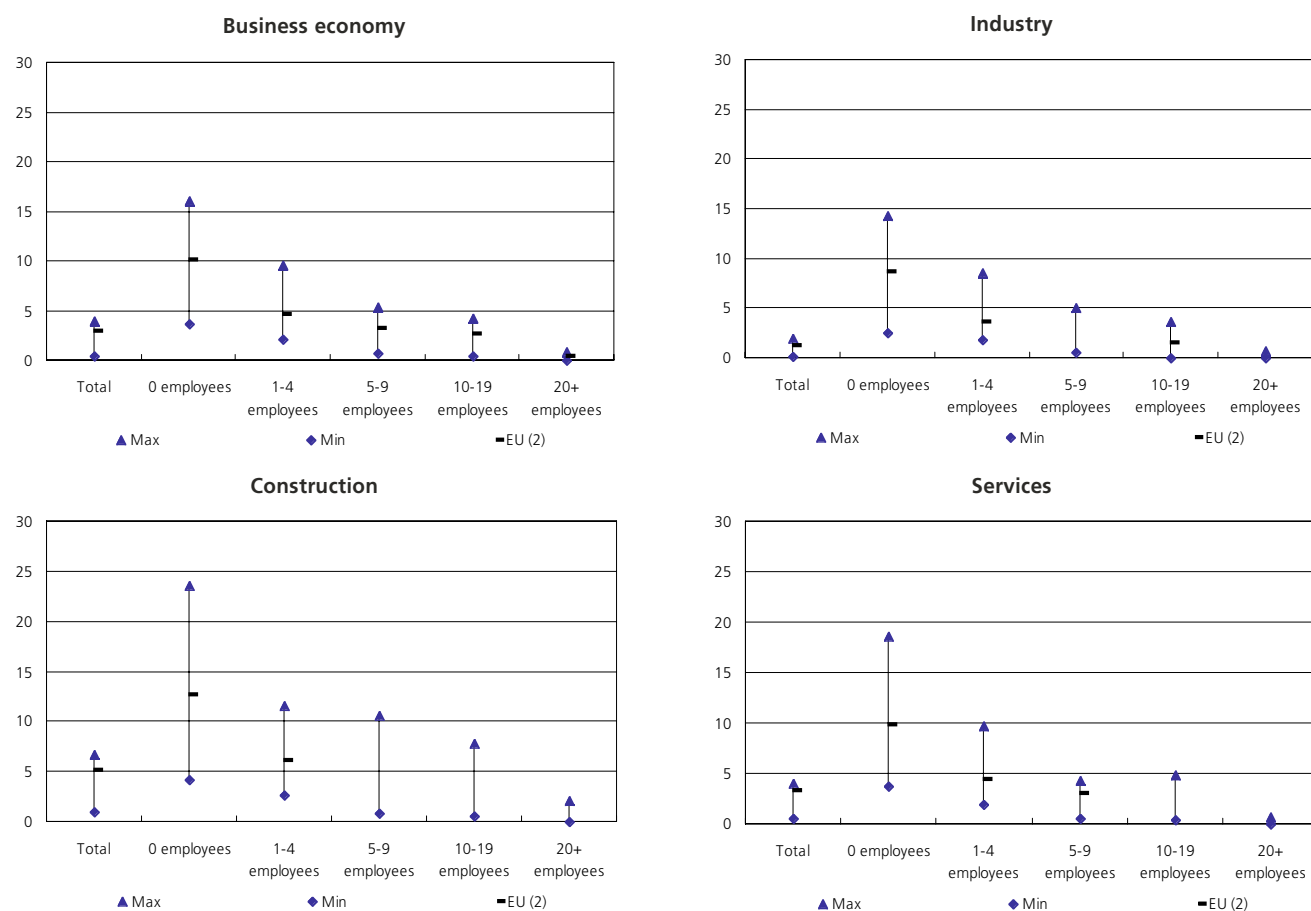
(2) 2000.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



Figure 3.10: Proportion of total employment among active enterprises accounted for by newly born enterprises, 2001 (%) (1)



(1) Maximum and minimum values are based on data available for all participating countries; Portugal, sole proprietors not covered; Belgium and the United Kingdom, 2000.

(2) EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; industry, 5-9 employees and 20+ employees, not available; construction, 5-9 employees, 10-19 employees and 20+ employees, not available; services, 10-19 employees and 20+ employees, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 3.33: Proportion of total employment among active enterprises accounted for by newly born enterprises, business economy (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>Total</b>												
1998	:	2.1	2.1	4.9	4.1	2.7	:	4.2	0.9	:	2.0	3.1
1999	3.1	:	2.4	4.5	2.9	2.5	2.1	3.2	0.6	1.3	:	2.4
2000	:	1.6	2.4	4.5	2.9	2.1	:	2.7	0.5	1.8	:	2.1
2001	3.0	:	2.2	3.9	3.1	2.1	2.2	2.7	0.5	1.6	:	2.2
<b>0 employees</b>												
1998	:	11.5	14.8	10.8	13.4	16.1	:	:	6.3	9.0	:	14.2
1999	10.0	:	15.4	12.3	8.5	16.9	15.1	10.1	4.0	8.8	:	14.9
2000	:	8.7	14.3	12.6	8.6	15.8	14.7	:	3.3	:	:	:
2001	10.1	:	13.0	12.1	9.0	15.6	15.0	11.8	3.7	8.9	:	16.1
<b>1-4 employees</b>												
1998	:	:	:	8.7	:	10.6	:	7.0	3.4	3.2	:	9.5
1999	:	4.1	:	6.8	2.8	10.5	:	4.6	2.5	:	:	7.2
2000	:	:	:	6.7	2.9	9.5	:	4.6	2.4	:	:	:
2001	4.6	:	4.5	6.2	3.1	9.6	5.7	8.2	2.1	3.5	:	5.0
<b>5-9 employees</b>												
1998	:	:	:	:	:	5.5	:	:	1.2	:	:	:
1999	:	:	:	:	1.5	4.2	:	:	0.7	0.9	:	:
2000	:	:	:	:	1.8	3.9	:	3.3	0.8	:	:	:
2001	3.3	:	2.2	5.2	1.9	3.5	3.5	5.4	0.6	1.4	:	1.8
<b>10-19 employees</b>												
1998	:	:	:	:	:	2.7	:	:	0.5	1.4	:	:
1999	:	:	1.5	:	1.2	2.5	:	:	0.3	:	:	:
2000	:	:	:	:	:	2.5	3.6	:	0.5	:	:	:
2001	2.6	:	1.6	4.2	1.3	2.6	4.1	3.9	0.4	0.7	:	1.3
<b>20+ employees</b>												
1998	:	0.3	:	:	:	0.6	:	:	:	0.0	:	:
1999	:	:	0.3	:	0.2	0.6	:	:	0.0	0.0	:	:
2000	:	:	:	:	:	0.3	0.4	:	0.0	:	:	:
2001	0.4	:	0.4	0.5	0.3	0.4	0.3	0.8	0.0	0.2	:	0.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### 3. NEWLY BORN ENTERPRISES

#### 3.6: RELATIONSHIP WITH OTHER INDICATORS

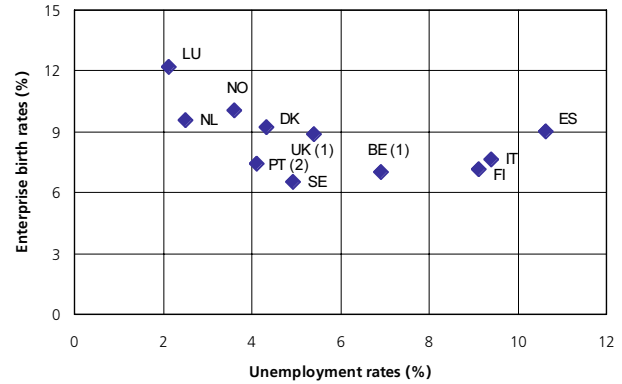
This subchapter provides data to look at the possible relationship existing between enterprise birth rates and a number of economic indicators that may have an influence on business dynamics. For example, it is sometimes argued that a high level of unemployment could constitute an incitement to business creation. According to this view, the difficulty in finding a job could push unemployed persons to start a new business, eventually with the help of vocational training programmes or the financial support of public programmes. Note that the information that is presented in these scatterplots is based on a limited set of data that spans a very short period of time (normally a snapshot for 2001). As such, readers should not draw any firm conclusions from the graphs, as these cannot be made until a lengthier and more complete data set is available.

However, available data would appear to contradict this view, as a somewhat negative relationship appears between unemployment rates and birth rates across the EU <sup>(16)</sup> - see Figure 3.11. In other words, a higher level of unemployment did not appear to incite persons to take the risk of starting a new enterprise, and it should be noted that high unemployment may reflect a weak economy. Enterprise birth rates were indeed the highest (above 10.0 %) in the same three countries where unemployment rates were at their lowest, namely Luxembourg, the Netherlands and Norway. Conversely, Belgium (2000), Finland and Italy all reported higher unemployment rates combined with relatively low levels of enterprise creation.

In contrast, the level of economic development (as measured by GDP per capita in PPS) displayed a positive relationship with enterprise creation. High levels of GDP per capita were often found in unison with high birth rates, as shown in Figure 3.12. Such a relationship suggests that a high level of economic development stimulates enterprise creation, for example, by providing favourable market and factor conditions (access to capital, a skilled workforce, adequate infrastructure). Sweden, Finland, and to a lesser extent Italy and Belgium (2000), complied less with this pattern, as they had relatively low enterprise birth rates.

An alternative measure involves looking at the rate of economic growth and its relationship with enterprise birth rates, with the view that global increases in wealth within the economy act as a stimulus for entrepreneurs to start new enterprises. Data for 2001 provides contrasting evidence - see Figure 3.13. While Sweden recorded the lowest GDP growth (in constant prices) and the lowest enterprise birth rate and Norway recorded both high economic growth (2.7 %) and the second highest birth rate (10.2 %) there were also a number of exceptions. For example, the number of enterprise births in Denmark, the Netherlands and Luxembourg was relatively high and was apparently unaffected by the relatively subdued nature of economic growth in 2001.

**Figure 3.11: Enterprise birth rates for the business economy and unemployment rates, 2001 (%)**

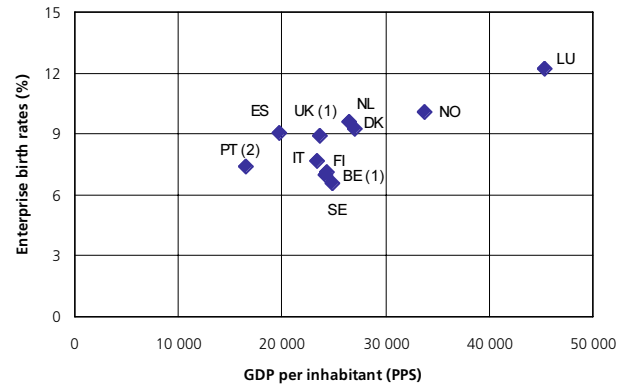


(1) 2000.

(2) Sole proprietors not covered for the enterprise birth rate.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.12: Enterprise birth rates for the business economy (%) and GDP per inhabitant (PPS), 2001**

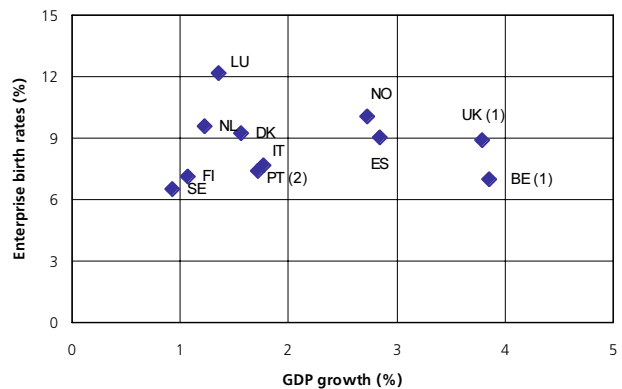


(1) 2000 .

(2) Sole proprietors not covered for the enterprise birth rate.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.13: Enterprise birth rates for the business economy and GDP growth (in constant price terms), 2001 (%)**



(1) 2000.

(2) Sole proprietors not covered for the enterprise birth rate.

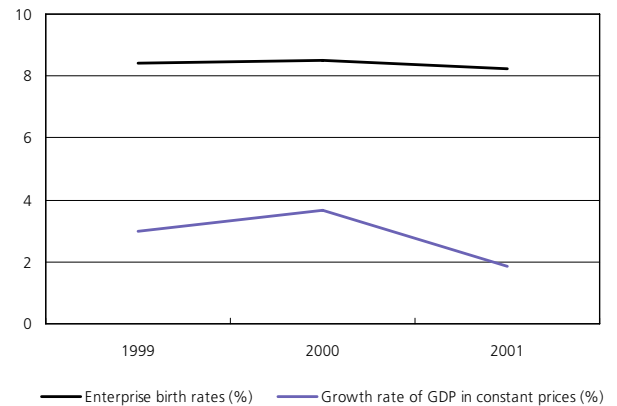
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

<sup>(16)</sup> Belgium and the United Kingdom, 2000.

When looking at aggregated figures for the seven countries that make-up the EU aggregate, the development of GDP growth and birth rates during the period 1999 to 2001 followed a similar evolution - see Figure 3.14. However, the fluctuation in the enterprise birth rate was considerably less marked than that for GDP growth. Nevertheless, as the pace of economic growth slowed in 2001 there was a slight downturn in the rate of enterprise creation.

The educational level of the population may also be a factor that contributes to explain the enterprise birth rate. Figure 3.15 shows that there was no clear relationship between birth rates and educational attainment in the EU. For example, Denmark, Sweden, the United Kingdom and Norway all reported similar shares of their population having completed upper secondary education (more than 80 %), while their birth rates varied from 6.6 % to 10.1 %.

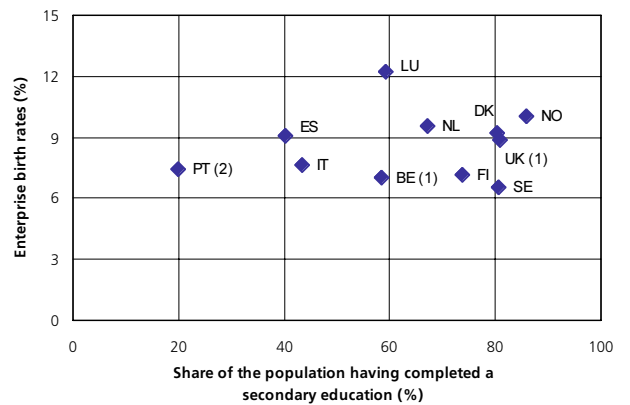
**Figure 3.14: Enterprise birth rates for the business economy and annual GDP growth rates (in constant price terms), EU (%) (1)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 3.15: Enterprise birth rates for the business economy and education levels, 2001 (%)**



(1) 2000.

(2) Sole proprietors not covered for the enterprise birth rate.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 4. SURVIVING ENTERPRISES

The focus of this chapter is an analysis of the life cycle of newly born enterprises and the probability that they will survive. The data collection exercise currently allows newly born enterprises to be tracked over time, tracing how many of them survive from one year to the next. Eventually the project should allow enterprises to be traced for up to five years, but as the harmonised data collection exercise is only in its second year, the data currently available only permits the study of survival rates through to the third year. This data exists for the cohort of enterprises that were born in 1998 and subsequently survived to 2001, while there are also data available for the cohorts born in 1999 (one and two-year survival rates) and 2000 (one-year survival rate only). An enterprise born in year  $t$  is considered to have survived in year  $t+1$  if it is active in terms of turnover and/or employment in any part of year  $t+1$  (otherwise referred to as survival without change). An enterprise is also considered to have survived if the linked legal unit(s) have ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (otherwise referred to as survival by take-over).

### 4.1: OVERVIEW

Within the business economy around 85 % of all enterprises survived their first year of activity, as the one-year survival rate for the EU aggregate <sup>(1)</sup> stood at 85.2 % for enterprises born in 1999 and surviving to 2000 and at 86.1 % for those born in 2000 and surviving to 2001 (see Figure 4.1).

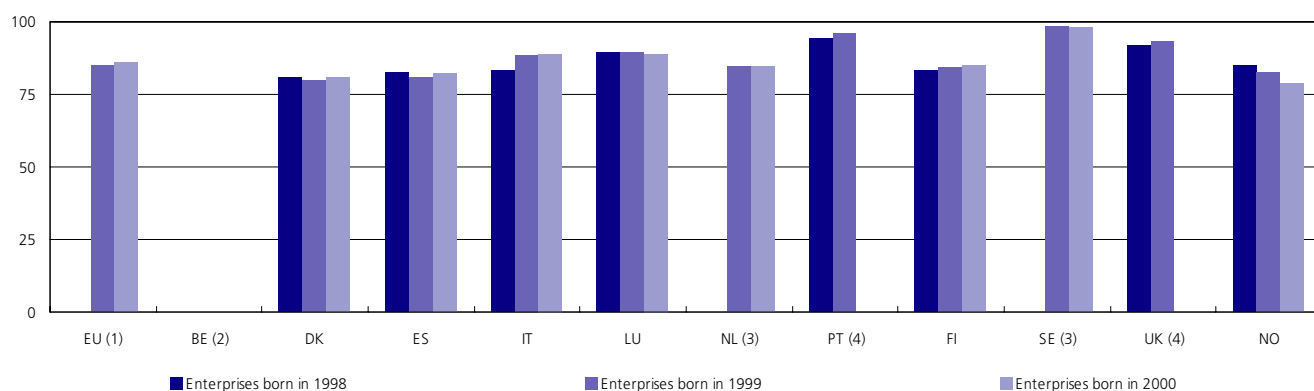
It would appear that newly born enterprises in Denmark and Spain generally have a lower chance of surviving one year than newly born enterprises in other countries <sup>(2)</sup>. One-year survival rates in Denmark for the whole of the business economy were in the range between 79.7 % and 80.6 % for enterprises born during the period 1998 to 2000, while in Spain the range was between 80.6 % and 82.8 %. At the other extreme, newly born enterprises in Sweden had considerably higher chances of surviving one year. On the basis of available data for enterprises born in 1999 and 2000, one-year survival rates for the Swedish business economy were 98.7 % and 98.3 %. Survival rates above 90 % were also recorded in Portugal and the United Kingdom.

When comparing the development of one-year survival rates over time, it is important to bear in mind the possible influence of macro-economic conditions. One-year survival rates varied only marginally however during the period 1999 to 2001, with the main exceptions being Italy and Norway. In Italy, the one-year survival rates for enterprises born in 1998 (83.3 %) was 5.7 percentage points lower than that recorded for enterprises born in 2001 (note that the quality of the 1998 Italian data is affected by methodological factors). The survival rate for Norway fell over the period considered, as 85.1 % of all enterprises born in 1998 survived to the next year, compared with 82.6 % of those born in 1999 and 78.9 % of those born in 2000.

<sup>(1)</sup> Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

<sup>(2)</sup> Belgium, not available; the Netherlands and Sweden, enterprises born in 1998, not available; Portugal and the United Kingdom, enterprises born in 2000, not available.

**Figure 4.1: One-year survival rates, proportion of enterprises that survived one year, business economy (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; enterprises born in 1998, not available.

(2) Not available.

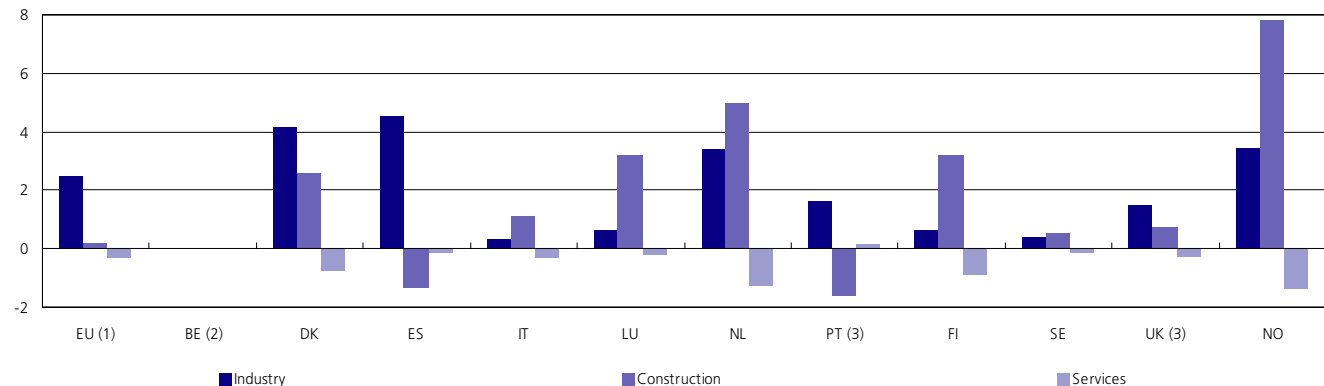
(3) Enterprises born in 1998, not available.

(4) Enterprises born in 2000, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 4. SURVIVING ENTERPRISES

**Figure 4.2: Enterprises born in 2000, difference of one-year survival rates from the business economy average (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

(3) Enterprises born in 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.2 provides a sectoral breakdown of the survival rates for enterprises born in 2000 that survived their first year of operation. The graphic shows the deviation for the main aggregates of industry, construction and services from the business economy average. With the exception of Portugal (enterprises born in 1999), one-year survival rates for services enterprises were consistently below the business economy average<sup>(3)</sup>, although the difference between the rates for services and those for the whole of the business economy were never particularly large, as Denmark, the Netherlands, Finland and Norway recorded survival rates that were between 1 and 2 percentage points below the business economy average, while for the remaining countries the difference was inferior to 1 percentage point. The opposite was usually true for industry and construction, where survival rates generally exceeded the business economy average. The highest survival rates for industry were considerably above the business economy

average in Denmark, Spain, the Netherlands and Norway (at least 3 percentage points higher).

Table 4.2 provides information on two-year survival rates for enterprises that were either born in 1998 or 1999. It shows that for enterprises born in 1998, survival rates within the business economy ranged between 63.8 % for Denmark and 77.8 % for the United Kingdom<sup>(4)</sup>. Denmark was also at the bottom end of the range with respect to two-year survival rates for enterprises born in 1999 with a survival rate of 61.9 %<sup>(5)</sup>, while Sweden marked the upper end of the range, with some 89.3 % of Swedish enterprises in the business economy surviving two years. These relatively low survival rates for Denmark and relatively high rates for Sweden were in keeping with the results for one-year survival rates, where Denmark often recorded the lowest survival rates and Sweden the highest.

<sup>(4)</sup> Belgium, the Netherlands and Sweden, not available.

<sup>(5)</sup> Belgium, Portugal and the United Kingdom, not available.

<sup>(3)</sup> Belgium, not available; Portugal and the United Kingdom, one-year survival rates for enterprises born in 1999.

**Table 4.1: Number of enterprise births and one-year survival rates**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Business economy</b>												
Number of enterprise births, 1998 (units)	:	:	24 755	245 173	409 272	2 702	:	67 257	20 009	:	153 155	24 593
One-year survival rates (%)	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
Number of enterprise births, 1999 (units)	651 111	:	27 562	243 983	278 104	2 887	49 999	57 927	17 869	30 707	164 425	24 135
One-year survival rates (%)	85.2	:	79.7	80.6	88.4	89.3	84.6	95.9	84.2	98.7	93.4	82.6
Number of enterprise births, 2000 (units)	675 233	33 876	26 137	251 328	291 856	2 752	50 475	55 648	17 034	35 651	154 630	22 306
One-year survival rates (%)	86.1	:	80.6	82.0	88.9	88.8	84.7	:	85.2	98.3	:	78.9
<b>Industry</b>												
Number of enterprise births, 1998 (units)	:	2 474	1 878	20 364	47 471	80	:	8 173	2 381	:	13 020	1 897
One-year survival rates (%)	:	:	83.2	86.7	83.6	92.5	:	95.0	86.3	:	90.4	85.7
Number of enterprise births, 1999 (units)	60 570	:	1 884	19 107	31 201	75	3 458	7 916	1 949	2 896	13 970	1 934
One-year survival rates (%)	88.3	:	82.1	86.3	89.3	89.3	86.6	97.6	87.5	98.4	94.9	90.6
Number of enterprise births, 2000 (units)	60 868	1 978	1 809	18 940	31 761	76	3 233	6 008	1 896	3 153	12 665	1 448
One-year survival rates (%)	88.6	:	84.7	86.6	89.3	89.5	88.2	:	85.8	98.6	:	82.3
<b>Construction</b>												
Number of enterprise births, 1998 (units)	:	5 411	2 817	38 432	64 992	185	:	13 927	3 192	2 722	18 905	2 982
One-year survival rates (%)	:	:	83.6	81.3	84.6	95.1	:	92.3	84.6	97.4	92.4	85.2
Number of enterprise births, 1999 (units)	105 302	4 565	2 962	41 711	47 596	171	6 607	11 574	3 117	3 138	20 345	2 768
One-year survival rates (%)	85.6	:	84.1	80.6	88.4	94.7	90.6	94.3	87.5	99.2	94.2	82.9
Number of enterprise births, 2000 (units)	113 507	4 336	3 323	45 780	49 436	164	7 777	13 070	3 082	3 945	18 265	2 574
One-year survival rates (%)	86.3	:	83.2	80.7	90.1	92.1	89.8	:	88.4	98.8	:	86.7
<b>Services</b>												
Number of enterprise births, 1998 (units)	:	33 050	20 600	186 377	296 809	2 437	:	45 157	14 436	25 630	121 230	19 714
One-year survival rates (%)	:	:	80.0	82.7	83.0	88.9	:	94.5	82.1	96.8	91.8	85.0
Number of enterprise births, 1999 (units)	485 239	27 654	22 716	183 165	199 307	2 641	39 934	38 437	12 803	24 673	130 110	19 433
One-year survival rates (%)	84.7	:	78.9	80.1	88.3	89.0	83.4	96.1	82.9	98.6	93.1	81.8
Number of enterprise births, 2000 (units)	500 858	27 562	21 005	186 608	210 659	2 512	39 465	36 570	12 056	28 553	123 700	18 284
One-year survival rates (%)	85.8	:	79.8	81.9	88.6	88.6	83.5	:	84.2	98.1	:	77.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.2: Two-year survival rates, proportion of enterprises that survived two years (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
Enterprises born in 1999	73.6	:	61.9	70.1	76.6	77.2	71.0	:	70.6	89.3	:	70.2
<i>Industry</i>												
Enterprises born in 1998	:	:	70.0	76.5	72.5	83.8	:	77.0	72.8	:	77.2	77.8
Enterprises born in 1999	78.6	:	66.8	77.2	79.7	84.0	73.7	:	75.7	90.4	:	80.0
<i>Construction</i>												
Enterprises born in 1998	:	:	69.6	68.7	73.8	79.5	:	69.4	70.3	89.6	79.1	72.1
Enterprises born in 1999	75.5	:	69.3	70.0	79.1	85.4	79.8	:	74.3	91.6	:	72.3
<i>Services</i>												
Enterprises born in 1998	:	:	62.4	68.7	70.6	76.9	:	71.3	67.3	86.4	77.7	75.0
Enterprises born in 1999	72.5	:	60.6	69.3	75.6	76.4	69.4	:	69.0	88.9	:	68.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.3: Three-year survival rates, proportion of enterprises born in 1998 that survived three years (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
Industry	:	:	60.3	69.2	64.5	76.3	:	:	64.3	:	:	65.8
Construction	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
Services	:	:	51.9	61.0	61.1	65.7	:	:	58.0	76.1	:	67.4

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.4: Survival rates of enterprises born in 1998 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
One-year survival rates	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
Two-year survival rates	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
Three-year survival rates	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
<i>Industry</i>												
One-year survival rates	:	:	83.2	86.7	83.6	92.5	:	95.0	86.3	:	90.4	85.7
Two-year survival rates	:	:	70.0	76.5	72.5	83.8	:	77.0	72.8	:	77.2	77.8
Three-year survival rates	:	:	60.3	69.2	64.5	76.3	:	:	64.3	:	:	65.8
<i>Construction</i>												
One-year survival rates	:	:	83.6	81.3	84.6	95.1	:	92.3	84.6	97.4	92.4	85.2
Two-year survival rates	:	:	69.6	68.7	73.8	79.5	:	69.4	70.3	89.6	79.1	72.1
Three-year survival rates	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
<i>Services</i>												
One-year survival rates	:	:	80.0	82.7	83.0	88.9	:	94.5	82.1	96.8	91.8	85.0
Two-year survival rates	:	:	62.4	68.7	70.6	76.9	:	71.3	67.3	86.4	77.7	75.0
Three-year survival rates	:	:	51.9	61.0	61.1	65.7	:	:	58.0	76.1	:	67.4

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In terms of three-year survival rates, somewhat more than half of all the business economy enterprises that were born in 1998 survived to 2001 <sup>(6)</sup> - see Table 4.3. A breakdown for industry, construction and services reveals that three-year survival rates for industry and construction were consistently above 60 % for all countries <sup>(7)</sup>, whereas for services they were somewhat lower, ranging from 51.9 % in Denmark to 67.4 % in Norway <sup>(8)</sup>, with the exception of Sweden, which again stood out as having by far the highest survival rates (76.1 %).

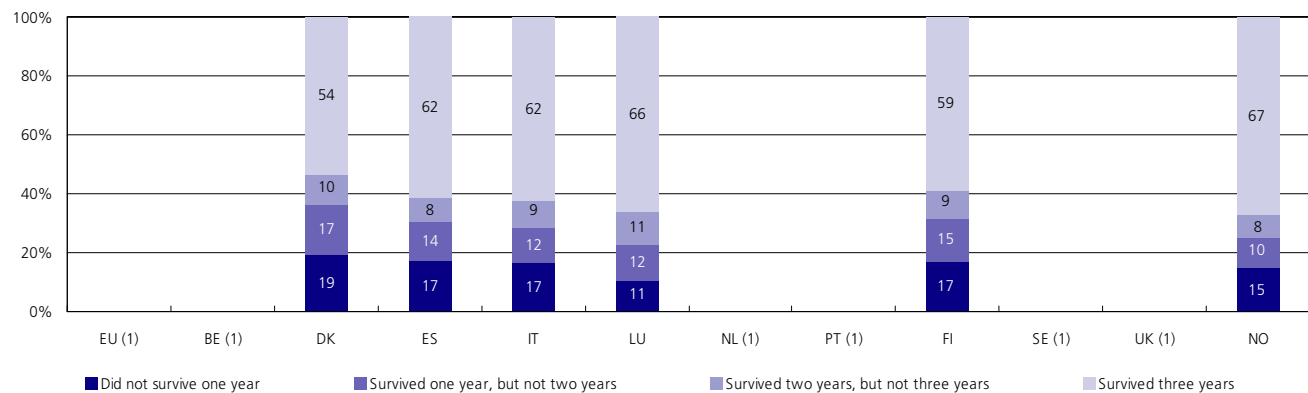
<sup>(6)</sup> Belgium, the Netherlands, Portugal, Sweden and the United Kingdom, not available.

<sup>(7)</sup> Belgium, the Netherlands, Portugal and the United Kingdom, not available; Sweden, industry not available.

<sup>(8)</sup> Belgium, the Netherlands, Portugal and the United Kingdom, not available.

## 4. SURVIVING ENTERPRISES

Figure 4.3: Enterprises born in 1998, survivors and non-survivors, business economy



(1) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.4: Change in the number of persons employed between all newly born enterprises and enterprises that survived one year, business economy (%)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Enterprises born in 1998, not available.

(3) Enterprises born in 2000, not available.

(4) Not available.

(5) Enterprises born in 1999, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

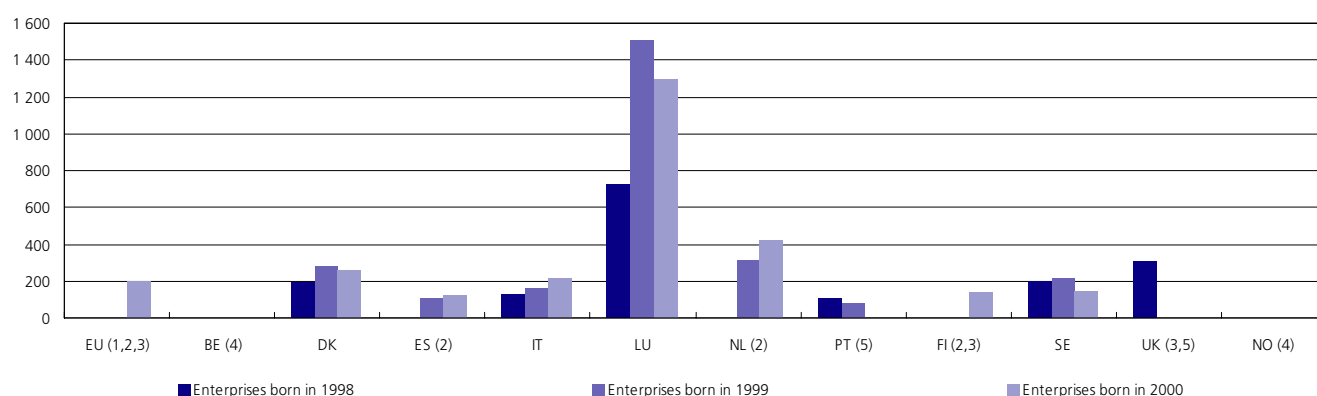
Table 4.5: Employment in newly born enterprises and the change in the number of persons employed between all newly born enterprises and enterprises that survived one year

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Business economy</b>												
Persons employed in newly born enterprises in 1998 (units)	:	:	31 667	519 465	568 616	5 151	:	133 968	10 259	:	342 600	40 780
Employment growth rate (%)	:	:	0.2	3.5	2.6	23.1	:	-0.7	30.1	:	-5.7	12.7
Persons employed in newly born enterprises in 1999 (units)	1 095 516	:	35 667	510 011	400 068	5 147	105 058	98 039	6 601	32 964	:	33 748
Employment growth rate (%)	10.9	:	-3.6	9.7	13.4	34.5	-5.9	6.2	110.6	45.5	:	13.1
Persons employed in newly born enterprises in 2000 (units)	:	:	35 293	526 070	417 477	4 529	:	86 898	6 392	48 214	:	29 133
Employment growth rate (%)	:	:	1.1	7.0	24.3	41.5	:	:	111.1	16.6	:	71.0
<b>Industry</b>												
Persons employed in newly born enterprises in 1998 (units)	:	4 448	2 870	78 865	80 918	328	:	27 328	1 281	:	40 590	4 606
Employment growth rate (%)	:	:	15.0	7.3	17.9	37.5	:	4.5	14.6	:	-10.2	34.8
Persons employed in newly born enterprises in 1999 (units)	156 267	:	2 999	79 142	61 033	200	8 972	20 207	638	3 283	:	4 164
Employment growth rate (%)	21.0	:	11.5	9.8	37.1	59.5	-4.9	8.8	134.0	48.2	:	28.1
Persons employed in newly born enterprises in 2000 (units)	:	3 721	2 887	76 756	62 719	185	:	14 456	650	4 121	:	2 728
Employment growth rate (%)	:	:	9.5	8.6	44.9	50.8	:	:	170.0	23.5	:	11.0
<b>Construction</b>												
Persons employed in newly born enterprises in 1998 (units)	:	5 937	3 887	115 883	89 883	877	:	25 585	2 004	3 530	35 105	4 837
Employment growth rate (%)	:	:	8.4	9.2	5.4	20.5	:	-1.4	32.4	9.2	-3.6	17.2
Persons employed in newly born enterprises in 1999 (units)	211 532	5 436	4 507	119 564	70 830	775	10 996	17 853	1 483	3 377	41 770	3 913
Employment growth rate (%)	14.7	:	-0.2	14.7	15.2	17.7	-2.5	5.4	100.9	39.6	-0.4	3.7
Persons employed in newly born enterprises in 2000 (units)	225 571	4 867	4 774	129 044	71 818	565	12 873	16 902	1 217	5 280	37 555	2 907
Employment growth rate (%)	15.4	:	5.2	11.8	24.5	51.9	-7.6	:	110.4	18.1	:	59.2
<b>Services</b>												
Persons employed in newly born enterprises in 1998 (units)	:	37 662	24 910	324 717	397 815	3 946	:	81 055	6 974	32 440	266 905	31 337
Employment growth rate (%)	:	:	-2.8	0.5	-1.1	22.5	:	-2.2	32.2	8.3	-5.3	8.8
Persons employed in newly born enterprises in 1999 (units)	727 717	32 800	28 161	311 305	268 205	4 172	85 090	59 979	4 480	26 304	306 310	25 671
Employment growth rate (%)	7.7	:	-5.8	7.7	7.5	36.4	-6.4	5.6	110.5	45.9	-0.8	12.1
Persons employed in newly born enterprises in 2000 (units)	767 550	30 972	27 632	320 270	282 940	3 779	89 591	55 540	4 525	38 813	316 350	23 498
Employment growth rate (%)	10.0	:	-0.5	4.8	19.7	39.5	-6.6	:	102.8	15.7	:	79.4

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.5: Turnover per enterprise, enterprises that survived one year (EUR thousand)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Enterprises born in 1998, not available.

(3) Enterprises born in 1999, not available.

(4) Not available.

(5) Enterprises born in 2000, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.6: Turnover per enterprise, enterprises that survived one year (EUR thousand)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	186.7	:	127.2	727.5	:	103.8	:	194.7	307.9	:
Enterprises born in 1999	:	:	280.1	103.3	157.1	1511.5	309.5	74.7	:	213.5	:	:
Enterprises born in 2000	194.9	:	258.4	119.7	212.2	1292.0	417.0	:	137.8	147.3	:	:
<i>Industry</i>												
Enterprises born in 1998	:	:	309.5	:	213.1	810.3	:	119.4	162.2	431.4	421.3	708.8
Enterprises born in 1999	345.3	:	1054.9	351.5	279.7	296.1	632.5	85.6	105.3	408.1	:	593.4
Enterprises born in 2000	405.8	:	918.4	386.2	423.1	418.7	511.3	:	150.8	135.9	:	624.7
<i>Construction</i>												
Enterprises born in 1998	:	:	213.5	:	100.8	407.8	:	65.2	84.6	133.0	227.2	208.1
Enterprises born in 1999	114.0	:	211.5	77.6	126.5	407.1	170.4	52.6	112.6	137.1	273.8	190.9
Enterprises born in 2000	131.0	:	186.5	83.5	157.1	384.7	199.3	:	89.2	139.5	:	184.1
<i>Services</i>												
Enterprises born in 1998	:	:	170.8	:	119.3	750.6	:	112.6	:	174.5	308.5	:
Enterprises born in 1999	:	:	222.8	81.3	145.0	1622.3	305.5	78.9	:	200.5	338.1	:
Enterprises born in 2000	183.0	:	209.9	99.8	193.3	1380.3	455.0	:	148.8	149.6	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

One way of reviewing the economic importance of surviving enterprises is to measure their average turnover per enterprise. Figure 4.5 shows this information for enterprises in the whole business economy that survived one year. As can be seen, there was considerable variation among the countries for which data are available. For example, among enterprises that were born in 1999 and survived to 2000, average turnover per enterprise was in the range between EUR 74 700 in Portugal and EUR 309 500 in the Netherlands<sup>(9)</sup>, other than in Luxembourg, which stood out with average turnover of EUR 1.5 million. Luxembourg also reported the highest average turnover per enterprise for other cohorts of newly born enterprises surviving one or more years. A breakdown by main activity reveals that average turnover per enterprise in surviving enterprises tended to be higher within the industrial sector - see Table 4.6. This was not surprising, given that newly born industrial enterprises tended to be larger (in terms of persons employed) than either construction or services enterprises.

<sup>(9)</sup> Belgium, Finland, United Kingdom and Norway, not available.



#### 4. SURVIVING ENTERPRISES

**Table 4.7: Turnover generated by one-year old enterprises (EUR million)**

Year of birth	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	:	3 727	:	43 381	1 758	:	6 571	:	5 897	43 262	:
1999	:	:	6 153	20 328	38 622	3 898	13 088	4 150	:	6 468	:	:
2000	113 360	:	5 442	24 673	55 091	3 159	17 837	:	1 999	5 159	:	:
<i>Industry</i>												
1998	:	:	484	:	8 459	60	:	927	333	1 216	4 961	1 152
1999	18 474	:	1 632	5 795	7 790	20	1 894	661	180	1 163	:	1 040
2000	21 892	:	1 408	6 333	11 997	28	1 457	:	245	423	:	745
<i>Construction</i>												
1998	:	:	503	:	5 540	72	:	838	228	352	3 966	529
1999	10 273	:	527	2 607	5 320	66	1 019	574	307	427	5 245	438
2000	12 833	:	515	3 087	6 995	58	1 391	:	243	544	:	411
<i>Services</i>												
1998	:	:	2 741	:	29 382	1 626	:	4 805	:	4 328	34 335	:
1999	:	:	3 994	11 927	25 512	3 812	10 174	2 915	:	4 878	40 969	:
2000	78 635	:	3 518	15 253	36 099	3 072	14 988	:	1 511	4 193	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.8: Proportion of turnover generated by one-year old enterprises in relation to total turnover generated by all active enterprises (%)**

Year of birth	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
1998	:	:	1.5	:	2.1	2.0	:	2.6	:	1.2	0.7	:
1999	:	:	2.3	:	1.7	3.6	1.3	1.5	:	1.1	:	:
2000	:	:	1.8	1.9	:	2.7	1.6	:	0.8	1.0	:	:
<i>Industry</i>												
1998	:	:	0.6	:	1.1	0.7	:	1.3	0.4	0.7	0.6	1.3
1999	:	:	2.0	:	0.9	0.2	0.5	0.8	0.2	0.6	:	0.9
2000	1.0	:	1.5	1.4	1.3	0.3	0.4	:	0.2	0.2	:	0.6
<i>Construction</i>												
1998	:	:	3.0	:	4.7	3.1	:	4.3	1.7	1.4	2.2	3.4
1999	:	:	2.9	:	4.0	2.7	1.9	2.6	2.0	1.5	2.8	2.7
2000	3.4	:	2.7	2.9	4.6	2.1	2.6	:	1.5	2.0	:	2.3
<i>Services</i>												
1998	:	:	1.8	:	2.6	2.1	:	2.9	:	1.5	0.7	:
1999	:	:	2.4	:	2.0	3.9	1.6	1.6	:	1.4	0.9	:
2000	2.0	:	1.9	2.0	2.1	3.0	2.2	:	1.2	1.4	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 4.2: ACTIVITY BREAKDOWN

This subchapter focuses on an analysis of survival rates for more detailed activity headings, namely NACE sections within the business economy. Note that surviving enterprises remain classified within their principal activity at the time of their birth, even if their principal activity changes in subsequent reference years.

One-year survival rates were highest for electricity, gas and water supply in about half of the countries for which data are available, while the next highest rates were often registered for manufacturing (see Table 4.9). Note that there were relatively few newly born enterprises in these activities, and as such, the death or survival of a few enterprises could have a significant effect on the ratios that are reported (particularly for smaller countries).

It has already been noted that enterprises in the services sector generally showed lower one-year survival rates than enterprises that were active in either industry or construction. Closer analysis reveals that while survival rates were relatively low for activities such as distributive trades, hotels and restaurants and financial intermediation, the same was not true for transport, storage and communication, and real estate, renting and business activities.

The largest variations between survival rates for the whole of the business economy and those for the individual NACE sections was recorded in Denmark, where one-year survival rates in electricity, gas and water supply deviated from business economy average by between 14.3 and 18.6 percentage points for enterprises born in 1998 to 2000. Note, however, that less than 1 % of all the newly born enterprises in the Danish business economy were found in the electricity, gas and water supply sector.

**Table 4.9: One-year survival rates (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
Enterprises born in 1999	85.2	:	79.7	80.6	88.4	89.3	84.6	95.9	84.2	98.7	93.4	82.6
Enterprises born in 2000	86.1	:	80.6	82.0	88.9	88.8	84.7	:	85.2	98.3	:	78.9
<i>Mining and quarrying</i>												
Enterprises born in 1998	:	:	76.5	89.3	75.5	:	:	94.4	82.8	100.0	91.2	82.1
Enterprises born in 1999	87.8	:	87.5	88.9	85.3	:	72.7	96.5	92.5	100.0	93.2	94.4
Enterprises born in 2000	:	:	76.9	88.6	91.4	:	90.0	:	88.6	100.0	:	87.9
<i>Manufacturing</i>												
Enterprises born in 1998	:	:	82.1	86.6	83.7	94.5	:	95.0	86.2	96.6	90.4	85.8
Enterprises born in 1999	88.3	:	81.3	86.2	89.3	88.7	86.7	97.6	87.3	98.4	94.9	90.2
Enterprises born in 2000	:	:	83.2	86.5	89.2	:	88.1	:	85.8	98.6	:	81.9
<i>Electricity, gas and water supply</i>												
Enterprises born in 1998	:	:	99.2	93.8	68.0	71.4	:	94.3	95.2	:	88.9	85.2
Enterprises born in 1999	89.3	:	94.0	88.4	80.2	100.0	84.4	94.7	91.3	97.8	88.9	94.3
Enterprises born in 2000	:	:	97.5	89.8	93.6	:	89.5	:	85.0	100.0	:	92.0
<i>Construction</i>												
Enterprises born in 1998	:	:	83.6	81.3	84.6	95.1	:	92.3	84.6	97.4	92.4	85.2
Enterprises born in 1999	85.6	:	84.1	80.6	88.4	94.7	90.6	94.3	87.5	99.2	94.2	82.9
Enterprises born in 2000	86.3	:	83.2	80.7	90.1	92.1	89.8	:	88.4	98.8	:	86.7
<i>Distributive trades</i>												
Enterprises born in 1998	:	:	78.2	82.8	82.9	89.4	:	94.3	78.8	95.8	90.2	82.6
Enterprises born in 1999	85.2	:	76.9	81.7	88.0	86.1	83.2	96.0	80.3	98.2	92.3	80.7
Enterprises born in 2000	85.6	:	77.7	81.7	88.7	86.6	83.2	:	82.6	97.8	:	80.7
<i>Hotels and restaurants</i>												
Enterprises born in 1998	:	:	78.7	79.1	84.7	90.4	:	94.9	84.4	94.2	86.0	87.0
Enterprises born in 1999	82.9	:	79.9	78.7	88.8	89.6	85.0	96.3	82.5	96.4	89.7	81.9
Enterprises born in 2000	83.8	:	79.9	78.8	91.3	88.3	84.8	:	84.5	97.2	:	89.4
<i>Transport, storage and communication</i>												
Enterprises born in 1998	:	:	82.1	87.8	83.4	89.2	:	97.3	90.5	98.5	89.9	85.3
Enterprises born in 1999	87.7	:	81.5	86.4	88.8	92.1	85.3	98.1	93.9	99.4	91.7	86.2
Enterprises born in 2000	88.8	:	80.6	87.1	90.9	90.7	82.6	:	93.0	99.3	:	83.1
<i>Financial intermediation</i>												
Enterprises born in 1998	:	:	73.8	81.0	79.9	85.2	:	89.8	81.7	96.6	84.5	66.1
Enterprises born in 1999	80.7	:	77.2	80.8	80.4	90.3	77.6	96.6	81.1	99.0	94.4	88.0
Enterprises born in 2000	81.3	:	81.7	77.0	84.0	85.5	82.9	:	77.2	83.1	:	11.7
<i>Real estate, renting and business activities</i>												
Enterprises born in 1998	:	:	81.3	83.3	82.9	88.9	:	94.9	83.2	97.6	94.4	86.3
Enterprises born in 1999	84.7	:	79.7	77.2	89.2	90.1	84.1	95.7	83.0	99.0	94.7	81.4
Enterprises born in 2000	86.5	:	81.0	83.0	88.2	90.6	83.6	:	84.3	98.8	:	77.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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**Table 4.10: Two-year survival rates (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
Enterprises born in 1999	73.6	:	61.9	70.1	76.6	77.2	71.0	:	70.6	89.3	:	70.2
<i>Mining and quarrying</i>												
Enterprises born in 1998	:	:	70.6	80.6	60.7	:	:	83.2	72.4	100.0	76.5	76.9
Enterprises born in 1999	77.3	:	81.3	78.8	74.1	:	72.7	:	75.0	100.0	:	90.8
<i>Manufacturing</i>												
Enterprises born in 1998	:	:	68.2	76.3	72.7	86.3	:	76.9	72.4	87.5	77.2	77.7
Enterprises born in 1999	78.5	:	65.2	77.1	79.8	83.1	73.8	:	75.2	90.2	:	79.0
<i>Electricity, gas and water supply</i>												
Enterprises born in 1998	:	:	94.5	89.0	51.8	57.1	:	82.9	87.1	:	77.8	81.5
Enterprises born in 1999	84.4	:	88.0	86.9	69.8	100.0	65.6	:	89.9	95.7	:	84.9
<i>Construction</i>												
Enterprises born in 1998	:	:	69.6	68.7	73.8	79.5	:	69.4	70.3	89.6	79.1	72.1
Enterprises born in 1999	75.5	:	69.3	70.0	79.1	85.4	79.8	:	74.3	91.6	:	72.3
<i>Distributive trades</i>												
Enterprises born in 1998	:	:	58.3	70.1	70.4	75.6	:	71.6	61.3	82.0	74.1	68.3
Enterprises born in 1999	72.7	:	56.7	70.6	75.7	73.0	68.2	:	64.4	85.7	:	68.4
<i>Hotels and restaurants</i>												
Enterprises born in 1998	:	:	56.6	64.7	73.1	72.3	:	71.4	65.8	73.7	66.9	70.4
Enterprises born in 1999	70.8	:	57.9	66.2	79.0	72.6	70.7	:	65.2	78.3	:	66.3
<i>Transport, storage and communication</i>												
Enterprises born in 1998	:	:	64.7	77.8	71.1	81.0	:	82.7	83.2	92.3	73.6	73.4
Enterprises born in 1999	77.2	:	66.7	78.0	76.7	81.9	70.4	:	86.3	92.2	:	72.9
<i>Financial intermediation</i>												
Enterprises born in 1998	:	:	62.3	67.9	65.0	76.2	:	72.5	68.8	91.3	74.5	55.6
Enterprises born in 1999	67.8	:	64.0	67.4	68.0	78.3	64.5	:	68.7	89.0	:	24.5
<i>Real estate, renting and business activities</i>												
Enterprises born in 1998	:	:	65.7	66.8	70.8	78.9	:	68.5	70.2	89.8	82.5	79.1
Enterprises born in 1999	72.4	:	62.2	67.5	75.0	78.7	70.7	:	70.0	91.4	:	69.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.11: Three-year survival rates of enterprises born in 1998 (%)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
Mining and quarrying	:	:	52.9	75.2	50.6	:	:	:	63.8	87.0	:	69.2
Manufacturing	:	:	58.0	69.0	64.6	78.1	:	:	63.6	78.6	:	65.6
Electricity, gas and water supply	:	:	92.1	86.1	44.1	57.1	:	:	87.1	:	:	66.7
Construction	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
Distributive trades	:	:	47.3	61.9	61.3	64.2	:	:	50.4	69.5	:	60.6
Hotels and restaurants	:	:	46.4	55.8	64.7	62.0	:	:	55.4	61.1	:	63.7
Transport, storage and communication	:	:	53.8	71.5	61.4	68.4	:	:	78.1	82.0	:	64.2
Financial intermediation	:	:	53.2	58.0	54.9	61.5	:	:	59.5	84.5	:	44.4
Real estate, renting and business activities	:	:	55.6	60.0	60.7	68.8	:	:	61.8	80.9	:	71.9

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.11 presents information for enterprises born in 1998<sup>(10)</sup> that survived three years. In Denmark, Spain and Finland the highest three-year survival rates were recorded for electricity, gas and water supply, in the range between 86.1 % (Spain) and 92.1 % (Denmark). The highest proportion of newly born enterprises to survive to their third year of operation in Italy was registered for construction (66.4 %), while it was for manufacturing in Luxembourg (78.1 %) and mining and quarrying in Sweden (87.0 %). As such, Norway was the only country in which a services section recorded the highest three-year survival rate, namely real estate, renting and business activities (71.9 %).

In Italy and Luxembourg the lowest three-year survival rates were recorded in electricity, gas and water supply and in the remaining four countries for which data are available the lowest survival rates were for hotels and restaurants (Denmark, Spain and Sweden), distributive trades (Finland) or financial intermediation (Norway). In four cases, the three-year survival rate fell below the 50 % mark. These cases were distributive trades and hotels and restaurants in Denmark, electricity, gas and water supply in Italy and financial intermediation in Norway.

<sup>(10)</sup> Belgium, the Netherlands, Portugal, Sweden and the United Kingdom, not available; Luxembourg, mining and quarrying, not available; Sweden, electricity, gas and water supply, not available.

Table 4.12: Survival rates of enterprises that were born in 1998 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
One-year survival rates	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
Two-year survival rates	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
Three-year survival rates	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
<i>Mining and quarrying</i>												
One-year survival rates	:	:	76.5	89.3	75.5	:	:	94.4	82.8	100.0	91.2	82.1
Two-year survival rates	:	:	70.6	80.6	60.7	:	:	83.2	72.4	100.0	76.5	76.9
Three-year survival rates	:	:	52.9	75.2	50.6	:	:	:	63.8	87.0	:	69.2
<i>Manufacturing</i>												
One-year survival rates	:	:	82.1	86.6	83.7	94.5	:	95.0	86.2	96.6	90.4	85.8
Two-year survival rates	:	:	68.2	76.3	72.7	86.3	:	76.9	72.4	87.5	77.2	77.7
Three-year survival rates	:	:	58.0	69.0	64.6	78.1	:	:	63.6	78.6	:	65.6
<i>Electricity, gas and water supply</i>												
One-year survival rates	:	:	99.2	93.8	68.0	71.4	:	94.3	95.2	:	88.9	85.2
Two-year survival rates	:	:	94.5	89.0	51.8	57.1	:	82.9	87.1	:	77.8	81.5
Three-year survival rates	:	:	92.1	86.1	44.1	57.1	:	:	87.1	:	:	66.7
<i>Construction</i>												
One-year survival rates	:	:	83.6	81.3	84.6	95.1	:	92.3	84.6	97.4	92.4	85.2
Two-year survival rates	:	:	69.6	68.7	73.8	79.5	:	69.4	70.3	89.6	79.1	72.1
Three-year survival rates	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
<i>Distributive trades</i>												
One-year survival rates	:	:	78.2	82.8	82.9	89.4	:	94.3	78.8	95.8	90.2	82.6
Two-year survival rates	:	:	58.3	70.1	70.4	75.6	:	71.6	61.3	82.0	74.1	68.3
Three-year survival rates	:	:	47.3	61.9	61.3	64.2	:	:	50.4	69.5	:	60.6
<i>Hotels and restaurants</i>												
One-year survival rates	:	:	78.7	79.1	84.7	90.4	:	94.9	84.4	94.2	86.0	87.0
Two-year survival rates	:	:	56.6	64.7	73.1	72.3	:	71.4	65.8	73.7	66.9	70.4
Three-year survival rates	:	:	46.4	55.8	64.7	62.0	:	:	55.4	61.1	:	63.7
<i>Transport, storage and communication</i>												
One-year survival rates	:	:	82.1	87.8	83.4	89.2	:	97.3	90.5	98.5	89.9	85.3
Two-year survival rates	:	:	64.7	77.8	71.1	81.0	:	82.7	83.2	92.3	73.6	73.4
Three-year survival rates	:	:	53.8	71.5	61.4	68.4	:	:	78.1	82.0	:	64.2
<i>Financial intermediation</i>												
One-year survival rates	:	:	73.8	81.0	79.9	85.2	:	89.8	81.7	96.6	84.5	66.1
Two-year survival rates	:	:	62.3	67.9	65.0	76.2	:	72.5	68.8	91.3	74.5	55.6
Three-year survival rates	:	:	53.2	58.0	54.9	61.5	:	:	59.5	84.5	:	44.4
<i>Real estate, renting and business activities</i>												
One-year survival rates	:	:	81.3	83.3	82.9	88.9	:	94.9	83.2	97.6	94.4	86.3
Two-year survival rates	:	:	65.7	66.8	70.8	78.9	:	68.5	70.2	89.8	82.5	79.1
Three-year survival rates	:	:	55.6	60.0	60.7	68.8	:	:	61.8	80.9	:	71.9

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

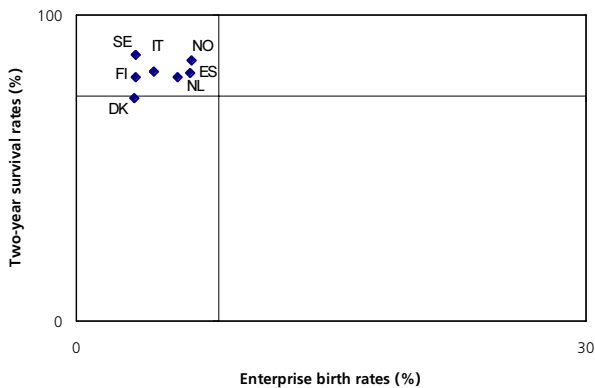
Figures 4.6 to 4.10 (overleaf) show five different scatterplots for NACE activities with the axis representing birth rates for 1999 (x-axis) and two-year survival rates for the same cohort of enterprises (y-axis). The origin of the graph (8.4 %, 73.6 %) has been defined as the average values for the whole of the business economy for the EU aggregate <sup>(11)</sup>. Note that the information that is presented in these scatterplots is based on a snapshot for enterprises born in 1999.

<sup>(11)</sup> Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

Figure 4.6 shows a scatterplot for the manufacture of rubber and plastic products (NACE Subsection DH). The plots show relatively low birth rates together with relatively high two-year survival rates. As such, this sector exemplifies one where high entry/exit barriers exist alongside relatively high capital costs involved with starting-up a business, elements that are likely to dissuade entrepreneurs from entering this field. Figure 4.7 shows a scatterplot for retail sale in non-specialised stores (NACE Group 52.1). It is characterised by relatively low birth and survival rates. The situation for construction (NACE Section F) is shown in Figure 4.8, indicating relatively high birth and survival rates. Figure 4.9 presents an example of an activity where there were relatively high birth rates combined with relatively low survival rates; the data presented is for activities auxiliary to financial intermediation (NACE Division 67).

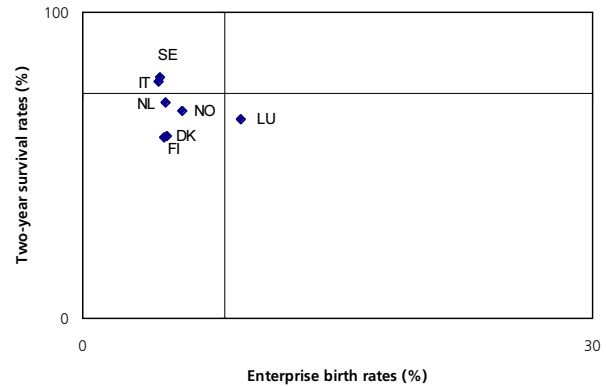
#### 4. SURVIVING ENTERPRISES

**Figure 4.6: Enterprises born in 1999, birth rates and two-year survival rates, manufacture of rubber and plastic products (NACE Subsection DH) (1)**



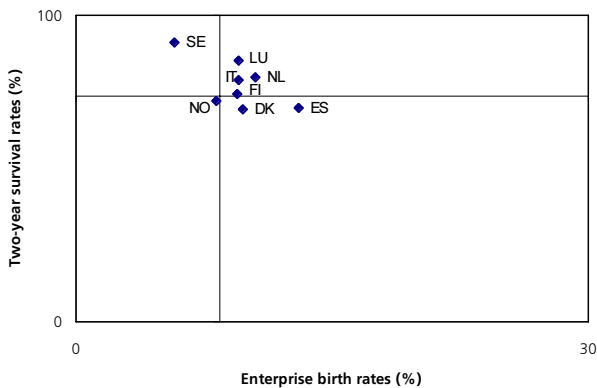
(1) Belgium, Luxembourg, Portugal and United Kingdom, not available; the axes represent the average birth rates for 1999 and the average two-year survival rate for the business economy for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.7: Enterprises born in 1999, birth rates and two-year survival rates, retail sale in non-specialised stores (NACE Group 52.1) (1)**



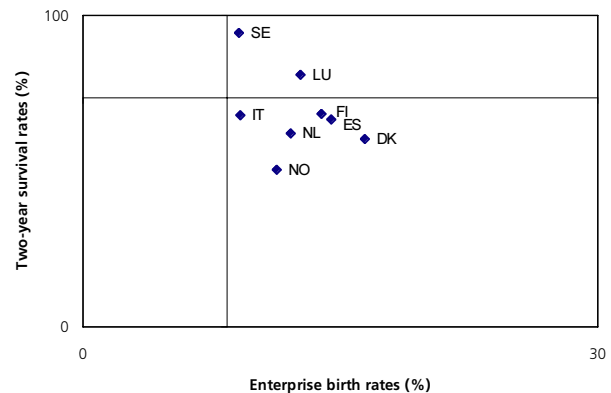
(1) Belgium, Luxembourg, Portugal and United Kingdom, not available; the axes represent the average birth rates for 1999 and the average two-year survival rate for the business economy for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.8: Enterprises born in 1999, birth rates and two-year survival rates, construction (NACE Section F) (1)**



(1) Belgium, Luxembourg, Portugal and United Kingdom, not available; the axes represent the average birth rates for 1999 and the average two-year survival rate for the business economy for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.9: Enterprises born in 1999, birth rates and two-year survival rates, activities auxiliary to financial intermediation (NACE Division 67) (1)**

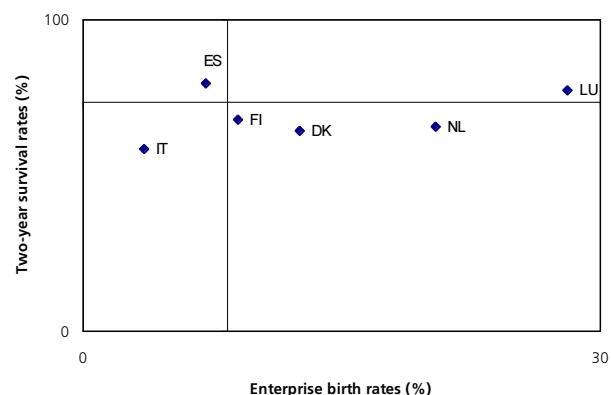


(1) Belgium, Luxembourg, Portugal and United Kingdom, not available; the axes represent the average birth rates for 1999 and the average two-year survival rate for the business economy for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.10 presents a scatterplot for financial intermediation, except insurance and pension funding (NACE Division 65) that is characterised by a wide variation in birth rates<sup>(12)</sup>, with Italy marking the lowest birth rate in 1999 (3.5 %) and the lowest two-year survival rate (58.7 %). In contrast, Luxembourg recorded the highest birth rate (28.1 %) and one of the highest two-year survival rates (77.5 %). Spain, however, had the highest survival rate (79.8 %) but with a significantly lower birth rate (7.0 %).

<sup>(12)</sup> Belgium, Portugal, Sweden, United Kingdom and Norway, not available.

**Figure 4.10: Enterprises born in 1999, birth rates and two-year survival rates, financial intermediation, except insurance and pension funding (NACE Division 65) (1)**



(1) Belgium, Luxembourg, Portugal and United Kingdom, not available; the axes represent the average birth rates for 1999 and the average two-year survival rate for the business economy for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

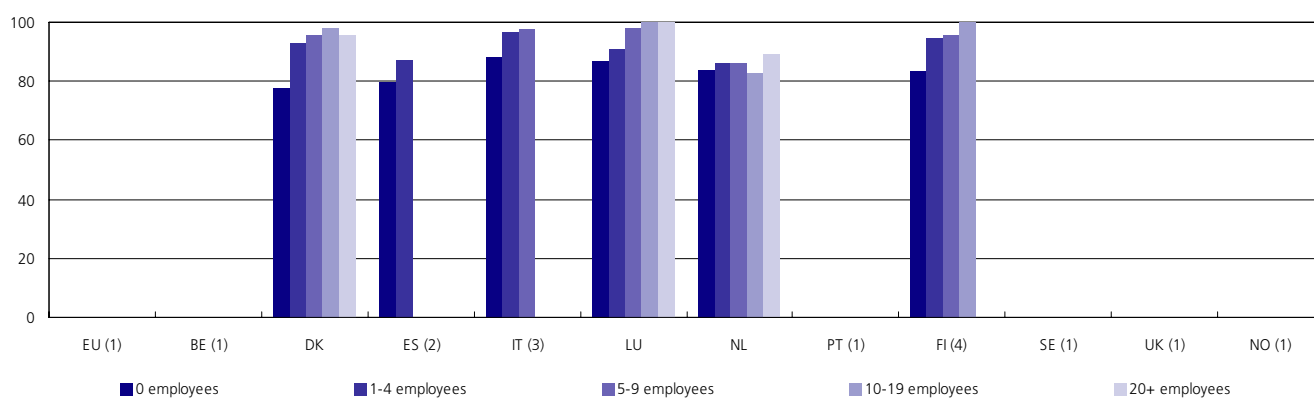
### 4.3: SIZE-CLASS BREAKDOWN

This subchapter looks at the survival of newly born enterprises focussing on the size-class dimension of the data set. Economic theory suggests that, particularly in industrial activities, there are minimum efficient scales of production. If an enterprise continues to operate below this scale then it is likely to remain uncompetitive and have a higher risk of dying. In the services sector, economies of scale and minimum efficient scales of production are thought to be less important. This is not always true, as economies of scale and operation are important in a number of services sectors (for example, air transport, railway transport, wholesale purchasing, telecommunications networks). Nevertheless, it is likely that size-class effects are more important in industrial activities, where newly born enterprises may well have to grow at a rapid pace in order to reach a minimum efficient scale of production to survive. Note that surviving enterprises remain classified within their initial size-class, even if they outgrow this size-class in subsequent reference years.

Figure 4.11 presents information for one-year survival rates of enterprises that were newly born in 2000 for the whole of the business economy. It clearly shows that the chances of survival for smaller enterprises are lower than for larger enterprises; the higher the number of employees in the newly-born enterprise, the higher the chance of surviving. Note that relatively few enterprises are created with 20 or more employees each year. For example, there were less than 50 newly born enterprises with 20 or more employees in 2000 across the whole of the business economy in Denmark, Luxembourg and Finland.

One explanation of why larger enterprises report higher survival rates may be found in the financial commitment involved. Before launching a large enterprise, it is likely that a considerable amount of market research is required, as well as lengthy discussions with organisations that are potential investors or will lend the capital required for the start-up. On the other hand, a sole proprietor that decides to set-up a business may do so alone with no employees and (depending upon the activity chosen) very low initial costs, which translate generally into a lower level of risk. Such low levels of risk would appear to encourage entrepreneurs to set-up their own business, although unfortunately not all of these would appear to flourish (for example, through the lack of market, lack of finance, lack of a good product/service, lack of a good business model).

**Figure 4.11: One-year survival rates of enterprises born in 2000, business economy (%)**



(1) Not available.

(2) 5+ employees, not available.

(3) 10+ employees, not available.

(4) 20+ employees, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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**Table 4.13: One-year survival rates, business economy (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
Enterprises born in 1998	:	:	78.5	79.3	82.7	86.6	:	91.9	80.7	96.4	91.2	78.8
Enterprises born in 1999	84.0	:	77.4	77.1	87.6	87.5	84.7	95.3	82.5	98.6	91.2	79.3
Enterprises born in 2000	:	:	77.8	79.4	88.1	86.9	84.0	:	83.6	:	:	:
<i>1-4 employees</i>												
Enterprises born in 1998	:	:	91.5	88.3	:	93.1	:	98.6	95.1	:	92.0	91.9
Enterprises born in 1999	:	:	92.1	88.1	95.9	92.0	84.0	97.9	94.9	:	94.3	89.5
Enterprises born in 2000	:	:	93.0	87.4	96.8	91.1	86.0	:	94.9	:	:	:
<i>5-9 employees</i>												
Enterprises born in 1998	:	:	95.7	:	:	95.5	:	98.7	98.8	:	92.9	:
Enterprises born in 1999	:	:	95.6	:	97.8	94.2	87.0	98.2	98.0	99.6	94.6	:
Enterprises born in 2000	:	:	95.6	:	97.6	98.0	86.4	:	95.9	:	:	:
<i>10-19 employees</i>												
Enterprises born in 1998	:	:	97.5	:	:	94.6	:	98.6	94.1	100.0	93.0	:
Enterprises born in 1999	:	:	98.7	:	97.4	94.7	88.9	96.9	100.0	:	93.5	:
Enterprises born in 2000	:	:	98.3	:	:	100.0	82.9	:	100.0	:	:	:
<i>20+ employees</i>												
Enterprises born in 1998	:	:	89.7	:	:	100.0	:	97.2	:	100.0	50.5	:
Enterprises born in 1999	:	:	96.3	:	95.8	100.0	85.6	96.9	100.0	100.0	97.2	:
Enterprises born in 2000	:	:	95.9	:	:	100.0	89.1	:	:	:	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.14: One-year survival rates for enterprises born in 2000 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
0 employees	:	:	77.8	79.4	88.1	86.9	84.0	:	83.6	:	:	:
1-4 employees	:	:	93.0	87.4	96.8	91.1	86.0	:	94.9	:	:	:
5-9 employees	:	:	95.6	:	97.6	98.0	86.4	:	95.9	:	:	:
10-19 employees	:	:	98.3	:	:	100.0	82.9	:	100.0	:	:	:
20+ employees	:	:	95.9	:	:	100.0	89.1	:	:	:	:	:
<i>Industry</i>												
0 employees	:	:	81.6	82.5	87.3	90.9	88.3	:	84.0	:	:	:
1-4 employees	:	:	96.3	90.8	96.9	87.0	88.0	:	97.3	:	:	:
5-9 employees	:	:	100.0	:	97.6	83.3	87.3	:	100.0	:	:	:
10-19 employees	:	:	95.7	:	:	:	85.1	:	100.0	:	:	:
20+ employees	:	:	100.0	:	:	:	94.6	:	:	:	:	:
<i>Construction</i>												
0 employees	85.3	:	80.4	77.4	89.1	86.4	90.0	:	87.1	98.6	:	84.7
1-4 employees	89.2	:	94.5	85.0	95.8	93.2	88.6	:	94.3	99.7	:	92.3
5-9 employees	90.2	:	96.6	88.4	96.3	100.0	89.3	:	100.0	98.6	:	100.0
10-19 employees	:	:	100.0	90.2	96.3	:	86.7	:	100.0	100.0	:	100.0
20+ employees	:	:	100.0	89.9	96.3	:	92.9	:	:	:	:	:
<i>Services</i>												
0 employees	84.8	:	77.1	79.6	88.0	86.8	81.9	:	82.6	97.8	:	72.1
1-4 employees	89.8	:	92.4	87.6	97.2	91.1	85.8	:	94.8	99.5	:	89.7
5-9 employees	93.4	:	94.6	92.8	98.3	98.6	86.1	:	92.1	99.5	:	93.7
10-19 employees	:	:	98.4	91.8	:	:	82.1	:	100.0	:	:	:
20+ employees	:	:	94.3	95.9	:	:	88.2	:	:	:	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.13 provides data for one-year survival rates of enterprises that were newly born in 1998, 1999 or 2000 for the whole of the business economy. Again there is evidence that survival rates were particularly low among enterprises with no employees, while for most of the other enterprise size-classes survival rates were in excess of 90 %, and were generally higher as the average size of the newly born enterprise increased.

When breaking down the information by the three main activity aggregates of industry, construction and services (see Table 4.14), the services sector tended to report somewhat lower survival rates than either industry or construction.

Table 4.15 shows two-year survival rates for enterprises that were born in either 1998 or 1999. For enterprises with no employees from the 1999 cohort of newly born enterprises, some 71.6 % survived to 2001 across the whole of the business economy for the seven countries that make-up the EU aggregate. The survival rates of enterprises with no employees from the 1999 cohort ranged between 59.0 % in Denmark and 89.0 % in Sweden <sup>(13)</sup>.

For the cohort of enterprises that were born in 1998 (and survived though to 2000) the range of survival rates was between 60.6 % in Portugal and 85.5 % in Sweden <sup>(14)</sup>. Two-year survival rates were consistently lower for enterprises with no employees.

While survival rates were generally higher for larger enterprises, this was not always the case. This pattern was reinforced when looking at three-year survival rates (see Table 4.17), when the highest survival rates were often recorded among enterprises with 5 to 9 or with 10 to 19 employees.

<sup>(13)</sup> Belgium, Portugal and the United Kingdom, not available.

<sup>(14)</sup> Belgium and the Netherlands, not available.

Table 4.15: Two-year survival rates, business economy (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
Enterprises born in 1998	:	:	61.0	63.6	70.3	74.9	:	60.6	65.2	85.5	73.8	65.2
Enterprises born in 1999	71.6	:	59.0	65.8	75.1	76.0	70.6	:	68.2	89.0	:	65.9
<i>1-4 employees</i>												
Enterprises born in 1998	:	:	77.1	78.2	:	80.4	:	93.6	86.1	:	79.4	85.5
Enterprises born in 1999	:	:	77.2	79.0	90.7	77.2	71.3	:	85.9	:	:	78.7
<i>5-9 employees</i>												
Enterprises born in 1998	:	:	89.0	:	:	80.3	:	95.6	94.1	:	81.4	:
Enterprises born in 1999	:	:	88.1	:	93.1	90.4	74.2	:	90.8	93.8	:	:
<i>10-19 employees</i>												
Enterprises born in 1998	:	:	85.0	:	:	86.5	:	93.9	76.5	95.5	83.0	:
Enterprises born in 1999	:	:	89.7	:	91.7	89.5	77.3	:	89.3	:	:	:
<i>20+ employees</i>												
Enterprises born in 1998	:	:	76.9	:	:	86.4	:	94.9	:	87.5	50.5	:
Enterprises born in 1999	:	:	90.7	:	89.5	94.4	75.4	:	66.7	75.0	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.16: Two-year survival rates for enterprises born in 1999 (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Total	73.6	:	61.9	70.1	76.6	77.2	71.0	:	70.6	89.3	:	70.2
0 employees	71.6	:	59.0	65.8	75.1	76.0	70.6	:	68.2	89.0	:	65.9
1-4 employees	:	:	77.2	79.0	90.7	77.2	71.3	:	85.9	:	:	78.7
5-9 employees	:	:	88.1	:	93.1	90.4	74.2	:	90.8	93.8	:	:
10-19 employees	:	:	89.7	:	91.7	89.5	77.3	:	89.3	:	:	:
20+ employees	:	:	90.7	:	89.5	94.4	75.4	:	66.7	75.0	:	:
<i>Industry</i>												
Total	78.6	:	66.8	77.2	79.7	84.0	73.7	:	75.7	90.4	:	80.0
0 employees	75.4	:	63.5	70.7	76.7	81.0	74.1	:	73.9	90.2	:	75.4
1-4 employees	:	:	80.8	83.6	91.8	81.8	71.6	:	87.4	:	:	85.9
5-9 employees	:	:	88.1	:	93.0	100.0	75.7	:	100.0	97.3	:	86.4
10-19 employees	:	:	81.8	:	92.7	:	79.0	:	75.0	:	:	:
20+ employees	:	:	100.0	:	88.9	:	82.1	:	:	:	:	:
<i>Construction</i>												
Total	75.5	:	69.3	70.0	79.1	85.4	79.8	:	74.3	91.6	:	72.3
0 employees	74.1	:	66.4	65.8	77.7	83.3	81.0	:	72.5	91.5	:	69.2
1-4 employees	80.0	:	81.0	75.6	88.3	83.9	73.2	:	83.8	91.9	:	79.9
5-9 employees	80.9	:	87.1	79.2	88.4	94.7	79.5	:	81.0	93.3	:	85.2
10-19 employees	:	:	88.9	80.2	85.4	:	73.8	:	33.3	100.0	:	79.2
20+ employees	:	:	80.0	78.0	78.3	:	65.0	:	0.0	:	:	92.9
<i>Services</i>												
Total	72.5	:	60.6	69.3	75.6	76.4	69.4	:	69.0	88.9	:	68.9
0 employees	70.7	:	57.7	65.4	74.4	75.5	67.8	:	66.4	88.6	:	64.6
1-4 employees	79.9	:	76.2	79.3	91.3	76.6	71.2	:	86.4	92.2	:	77.7
5-9 employees	86.8	:	88.3	87.1	95.4	88.8	73.5	:	90.1	93.2	:	:
10-19 employees	87.2	:	91.3	88.1	93.0	90.5	77.4	:	100.0	88.5	:	82.4
20+ employees	87.0	:	91.9	91.7	91.6	90.9	75.2	:	100.0	75.0	:	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.17: Three-year survival rates for enterprises born in 1998 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Total	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
0 employees	:	:	50.7	55.6	61.1	63.1	:	:	55.9	75.2	:	57.0
1-4 employees	:	:	67.1	71.1	:	70.0	:	:	78.1	85.6	:	77.4
5-9 employees	:	:	81.1	:	:	72.7	:	:	85.2	:	:	:
10-19 employees	:	:	77.5	:	:	78.4	:	:	64.7	86.0	:	:
20+ employees	:	:	64.1	:	:	81.8	:	:	:	75.0	:	:
<i>Industry</i>												
Total	:	:	60.3	69.2	64.5	76.3	:	:	64.3	:	:	65.8
0 employees	:	:	57.5	60.0	61.9	61.1	:	:	61.4	77.6	:	57.8
1-4 employees	:	:	72.9	76.1	:	88.0	:	:	82.9	84.9	:	75.9
5-9 employees	:	:	86.7	:	:	83.3	:	:	80.0	:	:	79.4
10-19 employees	:	:	85.7	:	:	100.0	:	:	100.0	91.7	:	:
20+ employees	:	:	55.6	:	:	100.0	:	:	:	:	:	:
<i>Construction</i>												
Total	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
0 employees	:	:	58.4	55.2	65.2	63.8	:	:	57.8	79.5	:	58.0
1-4 employees	:	:	69.3	66.6	76.4	77.9	:	:	74.4	85.8	:	75.3
5-9 employees	:	:	72.0	69.8	75.4	57.9	:	:	84.1	89.1	:	88.3
10-19 employees	:	:	71.4	71.3	73.2	81.3	:	:	50.0	100.0	:	75.8
20+ employees	:	:	66.7	67.9	64.7	80.0	:	:	:	:	:	80.0
<i>Services</i>												
Total	:	:	51.9	61.0	61.1	65.7	:	:	58.0	76.1	:	67.4
0 employees	:	:	49.0	55.3	60.1	63.2	:	:	54.6	74.4	:	56.7
1-4 employees	:	:	66.2	71.4	76.9	68.8	:	:	78.4	85.6	:	77.8
5-9 employees	:	:	82.8	81.0	84.1	78.0	:	:	86.7	82.6	:	:
10-19 employees	:	:	76.9	:	84.5	72.2	:	:	62.5	83.6	:	:
20+ employees	:	:	66.7	:	79.2	76.9	:	:	:	75.0	:	90.2

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



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**Table 4.18: Survival rates of enterprises born in 1998, business economy (%)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Total</i>												
One-year survival rates	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
Two-year survival rates	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
Three-year survival rates	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
<i>0 employees</i>												
One-year survival rates	:	:	78.5	79.3	82.7	86.6	:	91.9	80.7	96.4	91.2	78.8
Two-year survival rates	:	:	61.0	63.6	70.3	74.9	:	60.6	65.2	85.5	73.8	65.2
Three-year survival rates	:	:	50.7	55.6	61.1	63.1	:	:	55.9	75.2	:	57.0
<i>1-4 employees</i>												
One-year survival rates	:	:	91.5	88.3	:	93.1	:	98.6	95.1	:	92.0	91.9
Two-year survival rates	:	:	77.1	78.2	:	80.4	:	93.6	86.1	:	79.4	85.5
Three-year survival rates	:	:	67.1	71.1	:	70.0	:	:	78.1	85.6	:	77.4
<i>5-9 employees</i>												
One-year survival rates	:	:	95.7	:	:	95.5	:	98.7	98.8	:	92.9	:
Two-year survival rates	:	:	89.0	:	:	80.3	:	95.6	94.1	:	81.4	:
Three-year survival rates	:	:	81.1	:	:	72.7	:	:	85.2	:	:	:
<i>10-19 employees</i>												
One-year survival rates	:	:	97.5	:	:	94.6	:	98.6	94.1	100.0	93.0	:
Two-year survival rates	:	:	85.0	:	:	86.5	:	93.9	76.5	95.5	83.0	:
Three-year survival rates	:	:	77.5	:	:	78.4	:	:	64.7	86.0	:	:
<i>20+ employees</i>												
One-year survival rates	:	:	89.7	:	:	100.0	:	97.2	:	100.0	50.5	:
Two-year survival rates	:	:	76.9	:	:	86.4	:	94.9	:	87.5	50.5	:
Three-year survival rates	:	:	64.1	:	:	81.8	:	:	:	75.0	:	:

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

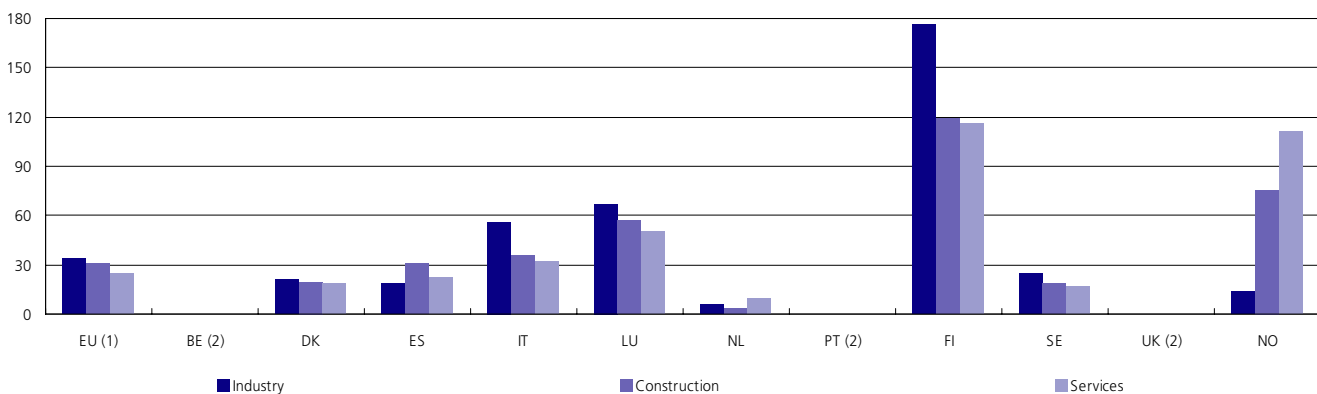
### 4.4: EFFECTS ON EMPLOYMENT

This subchapter looks at the effects on employment of surviving enterprises; all measures of employment change in this subchapter are calculated in terms of the number of persons employed. This can be studied in a number of ways, for example, by looking at the change in employment levels among newly born enterprises that survived for one, two or three years. However, it is perhaps more relevant when trying to measure the performance of the whole economy to see whether or not the jobs created by surviving enterprises outweigh those lost as a result of the non-survival of newly born enterprises. Note that there is a difference between enterprise deaths and non-surviving enterprises, as the latter may include periods of inactivity followed by reactivation or cases of take-over or merger.

Employment growth for the EU aggregate among the cohort of enterprises born in 2000 and surviving one year was highest within industry (see Figure 4.12). Industrial employment rose by 34.2 % compared with growth rates of 30.9 % for construction and 25.0 % for services. This pattern was repeated in most of the countries for which data are available <sup>(15)</sup>, although the highest employment growth was registered for construction activities in Spain and for the services sector in the Netherlands and Norway.

<sup>(15)</sup> Belgium, Portugal and the United Kingdom, not available.

**Figure 4.12: Employment change among enterprises born in 2000 and surviving to 2001 (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.19: Employment change among newly born enterprises surviving one year (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	19.6	19.6	20.2	31.6	:	3.3	:	11.3	5.7	25.0
Enterprises born in 1999	:	:	15.1	27.6	25.7	44.2	9.7	10.0	:	47.3	:	30.9
Enterprises born in 2000	27.5	:	19.2	23.9	36.5	51.4	8.4	:	122.9	18.0	:	97.3
<i>Industry</i>												
Enterprises born in 1998	:	:	35.7	19.1	36.0	39.6	:	8.0	:	11.3	3.0	42.5
Enterprises born in 1999	:	:	26.6	20.2	48.5	68.8	6.6	11.4	:	49.5	:	34.1
Enterprises born in 2000	34.2	:	21.6	18.6	56.2	67.1	6.4	:	176.4	25.0	:	13.9
<i>Construction</i>												
Enterprises born in 1998	:	:	24.8	27.7	23.1	23.3	:	3.1	40.3	11.5	5.0	30.2
Enterprises born in 1999	31.4	:	12.0	34.8	28.5	23.4	9.1	10.2	110.9	40.5	5.1	16.5
Enterprises born in 2000	30.9	:	19.8	30.9	35.5	56.6	3.0	:	119.3	19.1	:	75.5
<i>Services</i>												
Enterprises born in 1998	:	:	16.9	16.8	16.3	32.8	:	1.8	:	11.3	6.2	21.5
Enterprises born in 1999	:	:	14.3	26.9	19.7	46.9	10.2	9.4	:	47.9	5.6	32.6
Enterprises born in 2000	25.0	:	18.8	22.4	32.4	49.8	9.4	:	115.9	17.2	:	111.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Employment growth rates among enterprises that were born in 2000 and survived to 2001 were positive for each of the three main economic aggregates (industry, construction and services). There were, however, considerable variations in the rates recorded across the countries, while the relative position of each country (with respect to the others) was relatively unchanged no matter which one of the three main economic aggregates was being studied. As such, the Netherlands recorded the lowest employment growth rates for industry, construction and services <sup>(16)</sup>, while the highest growth rates were consistently registered in Finland.

Table 4.19 extends this analysis of one-year survivors to the cohorts of enterprises that were born in 1998, 1999 or 2000 <sup>(17)</sup>. The data presented shows that general economic conditions rather than sector-specific conditions appear to explain the evolution of employment growth. As such the cohort of newly born enterprises that survived one year with the highest employment growth tended to be the same cohort in each country irrespective of whether the rate was for the whole of the business economy, industry, construction or services. The only exceptions were in Denmark (where the highest growth rate for services was for the 2000 cohort in contrast to the 1998 cohort for industry and construction), in Luxembourg (where the highest rate for industry was for the 1999 cohort, compared to 2000 for the others) and in Norway (where the highest rate for industry was for the 1998 cohort compared to 2000 for the others).

<sup>(16)</sup> Belgium, Portugal and the United Kingdom, not available.

<sup>(17)</sup> Belgium, not available; the Netherlands, enterprises born in 1998 not available; Portugal, enterprises born in 2000 not available; Finland, enterprises born in 1998 and 1999 not available, except for construction; the United Kingdom, enterprises born in 1998 not available for the business economy and industry, enterprises born in 1999 not available.

While the analysis so far presented has concentrated upon the changes in employment levels for enterprises that survived one year, Table 4.20 provides similar information but for two-year old survivors, more specifically those born in 1998 or 1999. Employment growth among enterprises born in 1998 and surviving to 2000 ranged between 13.7 % in Portugal and 61.9 % in Luxembourg for the whole of the business economy <sup>(18)</sup>. The range of employment growth for enterprises born in 1999 and surviving to 2001 was between 25.1 % in the Netherlands and 159.0 % in Finland <sup>(19)</sup>.

For those countries that had data available for both the 1998 and 1999 cohorts <sup>(20)</sup>, higher employment growth was consistently recorded for the 1999 cohort. Of the eight countries for which data are available for the 1999 cohort <sup>(21)</sup>, five reported that their highest employment growth was registered among industrial enterprises, while the highest growth rates in Spain were for construction and in the Netherlands and Norway for services.

<sup>(18)</sup> Belgium, the Netherlands, Finland and the United Kingdom, not available.

<sup>(19)</sup> Belgium, Portugal and the United Kingdom, not available.

<sup>(20)</sup> Belgium, the Netherlands, Portugal, Finland and the United Kingdom, not available.

<sup>(21)</sup> Belgium, Portugal and the United Kingdom, not available.

## 4. SURVIVING ENTERPRISES

**Table 4.20: Employment change among newly born enterprises surviving two years (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	29.4	37.7	33.3	61.9	:	13.7	:	31.5	:	30.6
Enterprises born in 1999	40.7	:	32.1	40.1	40.4	82.4	25.1	:	159.0	70.2	:	76.5
<i>Industry</i>												
Enterprises born in 1998	:	:	33.8	30.7	56.2	86.0	:	29.9	:	29.7	:	44.6
Enterprises born in 1999	45.1	:	54.1	26.8	68.4	107.1	19.6	:	194.8	72.8	:	51.9
<i>Construction</i>												
Enterprises born in 1998	:	:	38.4	41.0	35.3	57.5	:	9.5	72.2	37.8	23.0	34.2
Enterprises born in 1999	41.9	:	21.9	45.0	38.5	55.8	18.0	:	145.4	61.4	:	31.7
<i>Services</i>												
Enterprises born in 1998	:	:	27.2	38.4	27.9	60.6	:	9.1	:	31.0	19.5	27.7
Enterprises born in 1999	39.3	:	31.3	42.1	34.1	86.5	26.7	:	157.6	71.1	:	88.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.21: Employment change among enterprises born in 1998 and surviving three years (%)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	:	:	38.2	44.1	43.8	89.8	:	:	91.3	43.4	:	148.9
Industry	:	:	38.3	36.4	70.2	122.1	:	:	99.7	42.3	:	115.8
Construction	:	:	43.9	42.8	42.4	65.3	:	:	79.5	55.2	:	110.5
Services	:	:	37.1	46.7	38.4	92.0	:	:	93.1	42.2	:	160.0

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Information on employment growth among enterprises that survived three years is only available for the cohort of newly born enterprises from 1998<sup>(22)</sup>. Table 4.21 shows that employment growth rates for this cohort of newly born enterprises were in the range of 38.2 % in Denmark to 148.9 % in Norway for the whole of the business economy<sup>(23)</sup>. There was a mixed pattern when looking at the highest growth rates by main economic aggregate, as three countries reported their highest rates for industry and two countries reported their highest rates for both construction and services. Growth rates across industry, construction and services were again quite homogeneous for most countries, emphasising that general economic conditions probably played an important role in determining employment growth rates (as opposed to sector specifics).

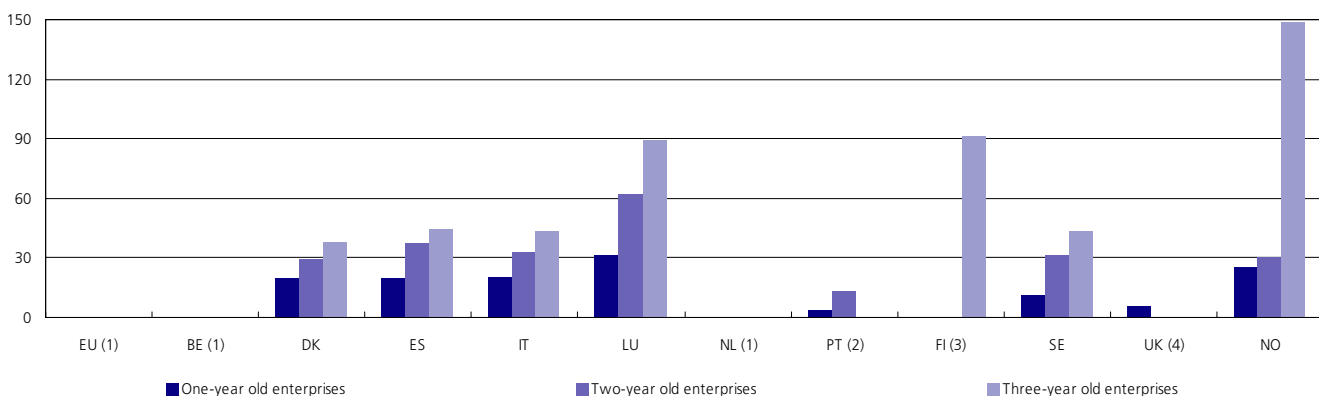
(22) Belgium, the Netherlands, Portugal and the United Kingdom, not available.

(23) Belgium, the Netherlands, Portugal and the United Kingdom, not available.

Figure 4.13 shows the growth rates of employment for enterprises that were born in 1998 and survived one, two or three years. A clear pattern emerges whereby, employment growth was registered in every one of the three years considered for each of the countries (note that these figures do not take account of the net change in employment as a result of some newly born enterprises not surviving during the period considered). The increase in the number of persons employed tended to be higher for the first year of survival, than the growth in employment between the first and second years or the second and third years<sup>(24)</sup>. This was true for Denmark, Spain, Italy and Luxembourg, whereas the highest growth rate in Sweden was registered between the first and second years of survival and in Norway between the second and third years of survival.

(24) Belgium, the Netherlands, Portugal, Finland and the United Kingdom, not available.

**Figure 4.13: Employment change among enterprises born in 1998 and surviving one, two or three years (%)**



(1) Not available.

(2) Three-year old enterprises, not available.

(3) One and two-year old enterprises, not available.

(4) Two and three-year old enterprises, not available.

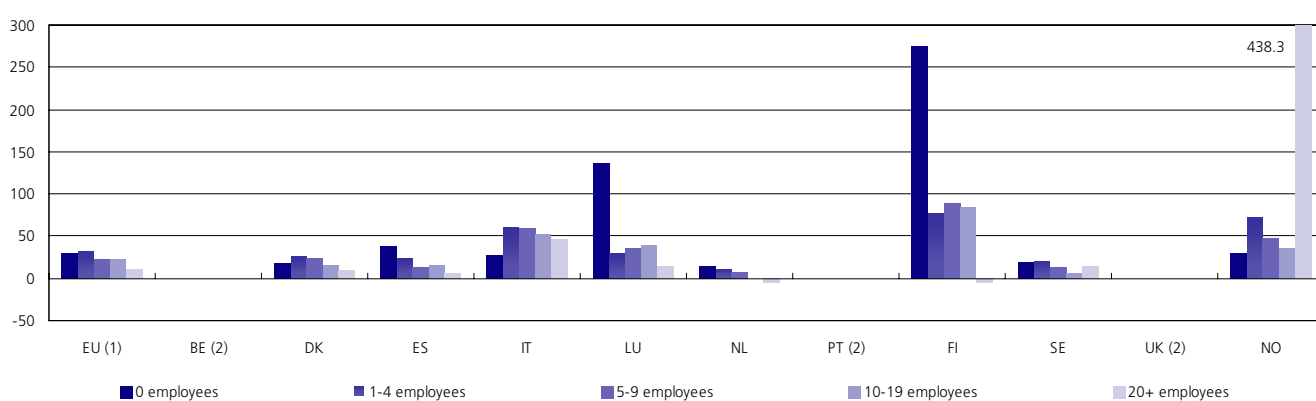
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.22: Employment change among enterprises born in 1998 and surviving one, two or three years (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
One-year old enterprises	:	:	19.6	19.6	20.2	31.6	:	3.3	:	11.3	5.7	25.0
Two-year old enterprises	:	:	29.4	37.7	33.3	61.9	:	13.7	:	31.5	:	30.6
Three-year old enterprises	:	:	38.2	44.1	43.8	89.8	:	:	91.3	43.4	:	148.9
<i>Industry</i>												
One-year old enterprises	:	:	35.7	19.1	36.0	39.6	:	8.0	:	11.3	3.0	42.5
Two-year old enterprises	:	:	33.8	30.7	56.2	86.0	:	29.9	:	29.7	:	44.6
Three-year old enterprises	:	:	38.3	36.4	70.2	122.1	:	:	99.7	42.3	:	115.8
<i>Construction</i>												
One-year old enterprises	:	:	24.8	27.7	23.1	23.3	:	3.1	40.3	11.5	5.0	30.2
Two-year old enterprises	:	:	38.4	41.0	35.3	57.5	:	9.5	72.2	37.8	23.0	34.2
Three-year old enterprises	:	:	43.9	42.8	42.4	65.3	:	:	79.5	55.2	:	110.5
<i>Services</i>												
One-year old enterprises	:	:	16.9	16.8	16.3	32.8	:	1.8	:	11.3	6.2	21.5
Two-year old enterprises	:	:	27.2	38.4	27.9	60.6	:	9.1	:	31.0	19.5	27.7
Three-year old enterprises	:	:	37.1	46.7	38.4	92.0	:	:	93.1	42.2	:	160.0

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.14: Employment change among enterprises born in 2000 and surviving to 2001, business economy (%)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.14 shows that there was an apparent size-class effect as regards employment growth among enterprises born in 2000 and surviving to 2001. For the EU aggregate, employment grew at its most rapid pace for enterprises with 1 to 4 employees (32.6 %), followed by enterprises with no employees (29.4 %). The higher growth of employment among very small enterprises may be explained by the fact that many very small businesses start-up below their optimal size, often with no employees, hence even the addition of a single person to the payroll can often result in a doubling of the number of persons employed.

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**Table 4.23: Employment change among newly born enterprises surviving one year, business economy (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
Enterprises born in 1998	:	:	12.8	16.9	12.3	79.1	:	:	:	8.5	:	33.5
Enterprises born in 1999	:	:	16.1	41.8	12.6	105.7	:	8.7	:	57.7	:	47.0
Enterprises born in 2000	29.4	:	17.4	36.7	26.8	136.7	13.6	:	274.6	19.3	:	29.8
<i>1-4 employees</i>												
Enterprises born in 1998	:	:	:	25.8	:	25.9	:	7.2	:	:	:	28.2
Enterprises born in 1999	:	:	:	31.3	56.8	27.4	:	17.7	:	:	:	40.3
Enterprises born in 2000	32.6	:	25.8	23.9	60.7	29.7	11.7	:	76.5	21.3	:	72.9
<i>5-9 employees</i>												
Enterprises born in 1998	:	:	23.8	:	:	14.6	:	:	:	:	:	:
Enterprises born in 1999	:	:	:	:	62.0	15.9	:	:	:	13.8	:	:
Enterprises born in 2000	23.3	:	25.0	12.9	58.2	35.1	7.7	:	88.2	12.6	:	46.7
<i>10-19 employees</i>												
Enterprises born in 1998	:	:	:	:	:	26.1	:	:	:	9.0	:	:
Enterprises born in 1999	:	:	5.4	7.1	57.8	34.7	:	:	:	:	:	:
Enterprises born in 2000	21.9	:	15.8	16.5	52.6	38.4	-1.0	:	84.4	6.3	:	36.1
<i>20+ employees</i>												
Enterprises born in 1998	:	:	:	:	:	17.2	:	:	:	8.1	:	:
Enterprises born in 1999	:	:	18.3	:	46.1	42.8	:	:	:	-39.8	:	:
Enterprises born in 2000	11.4	:	9.9	6.4	45.2	14.9	-4.7	:	-6.2	15.0	:	438.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.24: Employment change among newly born enterprises surviving two years, business economy (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
Enterprises born in 1998	:	:	22.5	44.6	21.0	139.9	:	10.9	:	26.7	:	40.2
Enterprises born in 1999	42.7	:	28.9	58.7	27.8	186.1	41.7	:	296.1	81.3	:	102.7
<i>1-4 employees</i>												
Enterprises born in 1998	:	:	:	42.2	:	49.2	:	13.1	:	:	:	39.8
Enterprises born in 1999	50.0	:	34.9	47.1	68.0	57.7	22.7	:	104.6	33.2	:	63.6
<i>5-9 employees</i>												
Enterprises born in 1998	:	:	:	:	:	32.2	:	:	:	:	:	:
Enterprises born in 1999	36.0	:	29.5	26.9	71.5	27.1	11.5	:	126.1	35.4	:	134.7
<i>10-19 employees</i>												
Enterprises born in 1998	:	:	:	:	:	55.2	:	:	:	25.5	:	:
Enterprises born in 1999	23.6	:	15.6	13.6	63.8	65.2	4.2	:	85.7	27.8	:	5.3
<i>20+ employees</i>												
Enterprises born in 1998	:	:	:	:	:	47.9	:	:	:	2.0	:	:
Enterprises born in 1999	23.5	:	55.4	15.0	63.9	85.9	16.3	:	-16.2	46.2	:	64.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The lowest employment growth rates were usually recorded for enterprises with 20 or more employees (11.4 %). This pattern was repeated in most of the countries for which data are available<sup>(25)</sup>, as Italy, Sweden and Norway were the only countries where enterprises with 20 or more employees did not record the lowest employment growth rates for the whole of the business economy. In the Netherlands and Finland, enterprises born in 2000 with 20 or more employees registered a decline in employment levels; a similar situation was recorded for enterprises born with between 10 and 19 employees in the Netherlands.

On the other hand, there were infrequently some very high employment growth rates recorded for enterprises with 20 or more employees. For example, employment grew by 438 % in Norway for this enterprise size-class for enterprises surviving one year that were born in 2000, largely as a result of considerable growth within the distributive trades sector.

A similar analysis of employment growth among enterprises that survived two or three years showed a mixed evolution across the countries for which data are available (see Tables 4.24, 4.26 and 4.27). Nevertheless, employment growth rates for these cohorts tended to be higher for very small enterprises with 4 or less employees and lowest for larger enterprises with 20 or more employees.

Figures 4.15 to 4.17 show changes in employment with respect to different cohorts of newly born enterprises. Note that the data are concerned only with the change in employment of newly born enterprises and do not consider the changes in employment that occur among the population of active enterprises (which is likely to have a far greater effect on the overall levels of employment). In most cases, the increase of employment recorded among enterprises that survived their first year of operation balanced or exceeded the loss of jobs from enterprises that failed to survive a year from their creation.

<sup>(25)</sup> Belgium, Portugal and the United Kingdom, not available.

Table 4.25: Employment change among enterprises born in 2000 and surviving to 2001 (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Industry</i>												
0 employees	37.2	:	14.7	32.8	42.1	280.0	13.1	:	380.0	28.2	:	63.5
1-4 employees	50.8	:	47.6	28.5	79.2	35.6	16.8	:	118.7	24.6	:	50.9
5-9 employees	34.4	:	22.2	12.8	70.5	16.7	1.9	:	225.0	24.8	:	13.7
10-19 employees	:	:	8.6	14.8	56.4	:	4.5	:	101.2	:	:	1.3
20+ employees	:	:	5.5	2.5	34.1	:	-16.6	:	:	:	:	-24.6
<i>Services</i>												
0 employees	26.3	:	16.7	30.9	24.7	119.5	16.0	:	247.6	17.8	:	29.2
1-4 employees	26.6	:	23.1	18.5	56.7	27.3	12.1	:	76.6	21.6	:	60.9
5-9 employees	18.7	:	28.7	9.3	53.2	39.5	9.3	:	72.3	11.9	:	55.3
10-19 employees	:	:	22.5	21.0	58.3	:	-0.2	:	80.7	:	:	46.8
20+ employees	:	:	9.7	13.5	50.4	:	-3.5	:	-6.2	:	:	633.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.26: Employment change among enterprises born in 1999 and surviving to 2001 (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Industry</i>												
0 employees	57.8	:	51.2	51.8	57.3	146.2	49.2	:	463.9	88.6	:	246.7
1-4 employees	70.9	:	54.8	50.7	99.6	95.0	25.0	:	121.3	26.4	:	69.1
5-9 employees	39.6	:	34.4	24.7	70.7	41.2	-0.1	:	176.9	44.7	:	66.6
10-19 employees	:	:	22.7	12.4	48.9	:	-2.1	:	86.8	29.3	:	7.7
20+ employees	:	:	97.7	-4.1	41.1	:	-2.5	:	:	:	:	-11.2
<i>Services</i>												
0 employees	38.7	:	24.9	54.5	22.0	174.9	45.9	:	273.8	82.4	:	100.1
1-4 employees	43.7	:	34.9	42.8	60.1	53.0	23.0	:	109.2	33.1	:	64.3
5-9 employees	35.0	:	34.8	20.6	92.8	27.5	12.2	:	135.4	34.2	:	159.9
10-19 employees	26.3	:	16.9	10.6	86.4	71.6	6.9	:	82.6	28.4	:	3.3
20+ employees	43.3	:	66.1	36.2	76.3	116.8	21.5	:	-16.2	46.2	:	126.6

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

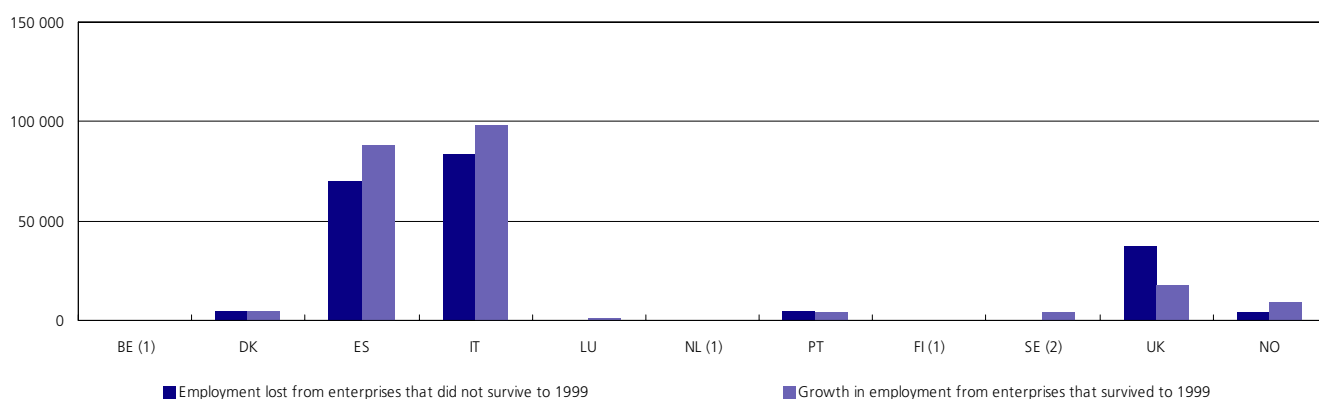
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.27: Employment change among enterprises born in 1998 and surviving to 2001 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Industry</i>												
0 employees	:	:	26.9	37.1	70.4	642.9	:	:	129.5	33.4	:	314.4
1-4 employees	:	:	82.5	66.6	99.4	161.1	:	:	87.8	83.0	:	182.3
5-9 employees	:	:	48.2	28.6	45.3	61.2	:	:	96.5	54.7	:	98.2
10-19 employees	:	:	:	12.7	25.8	85.4	:	:	70.0	14.7	:	74.6
20+ employees	:	:	:	12.4	41.2	90.1	:	:	:	:	:	34.3
<i>Services</i>												
0 employees	:	:	23.8	53.4	19.8	166.4	:	:	179.7	35.9	:	404.5
1-4 employees	:	:	55.9	45.2	56.2	71.2	:	:	53.1	54.3	:	141.9
5-9 employees	:	:	56.1	29.4	77.0	36.5	:	:	56.2	57.3	:	105.7
10-19 employees	:	:	50.9	34.3	138.3	112.1	:	:	30.5	45.8	:	151.5
20+ employees	:	:	35.5	69.5	332.0	101.3	:	:	275.0	-12.2	:	32.2

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.15: Employment change among enterprises born in 1998, business economy (units)



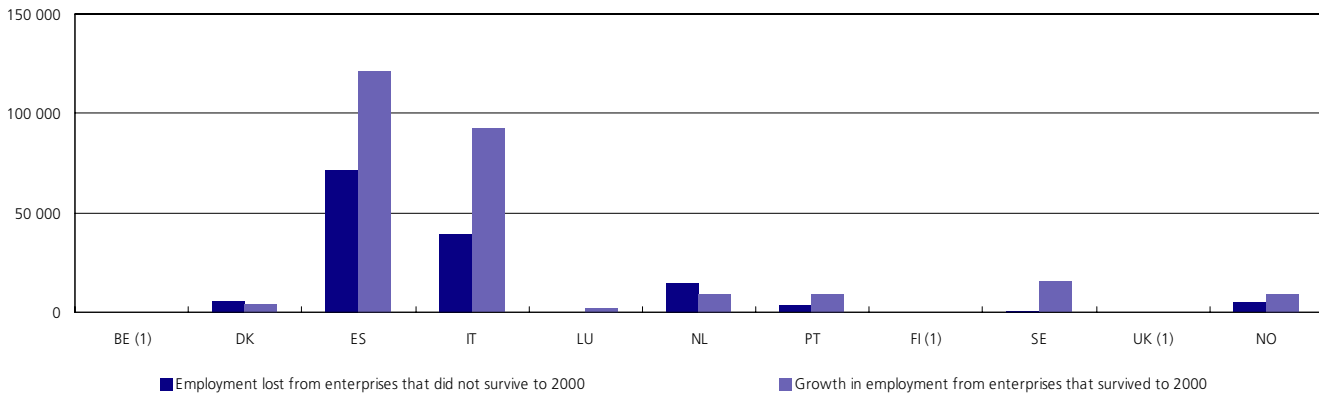
(1) Not available.

(2) Employment in enterprises born in 1998 that did not survive to 1999, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

#### 4. SURVIVING ENTERPRISES

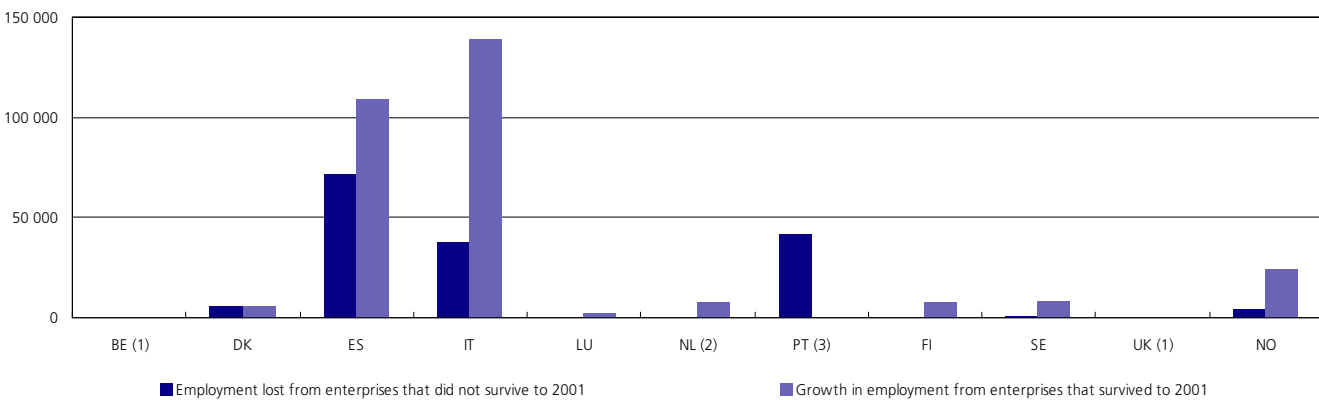
**Figure 4.16: Employment change among enterprises born in 1999, business economy (units)**



(1) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.17: Employment change among enterprises born in 2000, business economy (units)**



(1) Not available.

(2) Employment lost from enterprises born in 2000 that did not survive to 2001, not available.

(3) Growth in employment of enterprises born in 2000 that survived to 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

For enterprises born in 1998, the additional jobs created in one-year old surviving enterprises exceeded the jobs lost in enterprises that failed to survive in five of the seven countries for which data are available <sup>(26)</sup>. Portugal and the United Kingdom were the only countries where there was a net decline in employment levels as a result of newly born enterprises. The net decline in the United Kingdom for the whole of the business economy was almost 20 000 jobs, similar to the net increases registered in Spain and Italy.

<sup>(26)</sup> Belgium, the Netherlands, Finland and Sweden, not available.

For enterprises born in 1999 a similar situation was observed for Spain and Italy, with the net creation of jobs rising to around 50 000. Denmark and the Netherlands were the only two (from eight) countries that reported a net decline in employment <sup>(27)</sup>.

<sup>(27)</sup> Belgium, Finland and the United Kingdom, not available.

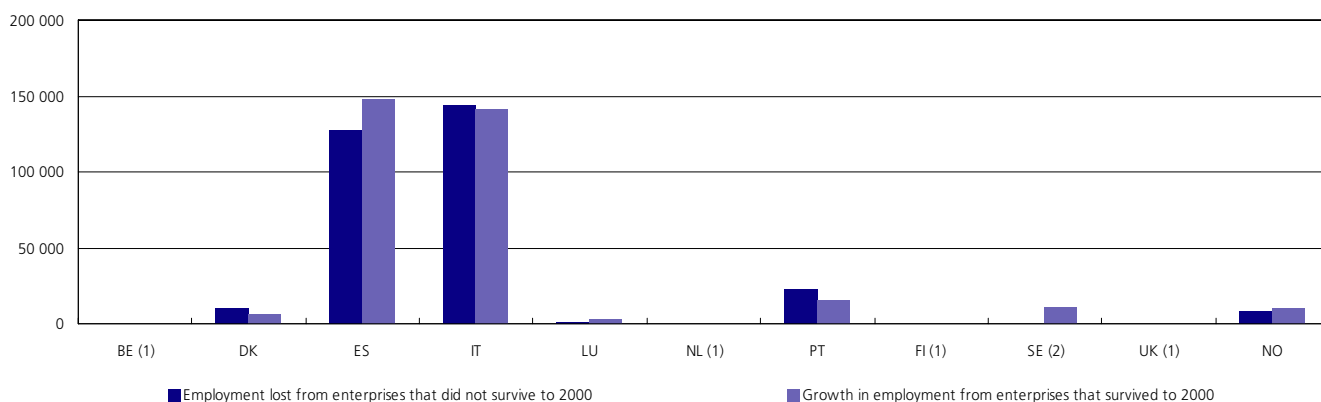
Table 4.28: Employment change among newly born enterprises (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Industry</i>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 1999	:	:	438	7 807	10 760	5	:	865	:	:	5 205	247
Growth in employment from enterprises that survived to 1999	:	:	869	13 564	25 225	128	:	2 106	:	410	1 075	1 852
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2000	:	:	358	6 810	4 712	11	964	480	:	29	:	188
Growth in employment from enterprises that survived to 2000	:	:	703	14 593	27 333	130	528	2 250	:	1 612	:	1 357
Enterprises born in 2000												
Employment lost from enterprises that did not survive to 2001	:	:	287	6 471	4 517	18	:	4 932	15	49	:	69
Growth in employment from enterprises that survived to 2001	49 068	:	562	13 084	32 701	112	472	:	1 120	1 017	:	369
<i>Construction</i>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 1999	:	:	512	16 818	12 914	20	:	1 115	113	74	2 880	485
Growth in employment from enterprises that survived to 1999	:	:	837	27 453	17 743	200	:	747	762	397	1 600	1 315
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2000	26 966	:	488	17 851	7 327	36	1 172	773	70	22	2 200	432
Growth in employment from enterprises that survived to 2000	58 031	:	481	35 433	18 122	173	895	1 735	1 567	1 360	2 025	576
Enterprises born in 2000												
Employment lost from enterprises that did not survive to 2001	26 695	:	581	18 881	5 798	17	1 327	11 495	49	42	:	271
Growth in employment from enterprises that survived to 2001	61 389	:	830	34 085	23 426	310	346	:	1 393	999	:	1 991
<i>Services</i>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 1999	:	:	4 196	45 362	59 573	307	:	3 195	:	860	28 860	3 292
Growth in employment from enterprises that survived to 1999	:	:	3 504	47 061	55 009	1 195	:	1 415	:	3 567	14 745	6 040
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2000	:	:	4 959	46 995	27 209	299	12 832	2 096	:	359	18 770	3 966
Growth in employment from enterprises that survived to 2000	:	:	3 321	71 116	47 397	1 818	7 348	5 462	:	12 437	16 175	7 069
Enterprises born in 2000												
Employment lost from enterprises that did not survive to 2001	92 001	:	4 487	46 254	27 078	262	13 144	25 506	274	502	:	3 539
Growth in employment from enterprises that survived to 2001	169 060	:	4 352	61 480	82 775	1 753	7 195	:	4 927	6 578	:	22 208

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.18: Employment change among enterprises born in 1998, business economy (units)



(1) Not available.

(2) Employment lost from enterprises born in 1998 that did not survive to 2000, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

This pattern continued for enterprises that were born in 2000, as a net gain of more than 100 000 jobs was registered in Italy and 37 000 in Spain among enterprises surviving one year. For this cohort of enterprises, all seven countries for which data are available reported a net gain in employment (28).

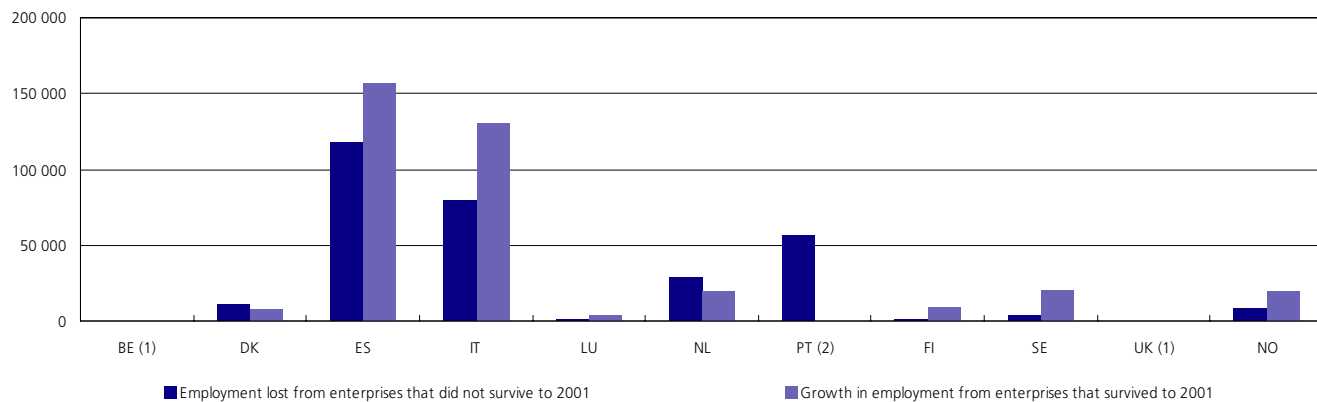
(28) Belgium, the Netherlands, Portugal and the United Kingdom, not available.

A similar analysis can be carried out for enterprises born in 1998 or 1999 over a two-year period, comparing the change in employment among surviving enterprises with the employment lost as a result of enterprises that failed to survive, as shown in Figures 4.18 and 4.19. The results for the 1998 cohort are mixed while those for the 1999 cohort generally confirm the findings for one-year survivors, namely that the majority of countries reported a net gain in employment when tracking the evolution of employment levels among newly born enterprises over a two-year period.



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Figure 4.19: Employment change among enterprises born in 1999, business economy (units)



(1) Not available.

(2) Employment lost from enterprises born in 1998 that did not survive to 2000, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

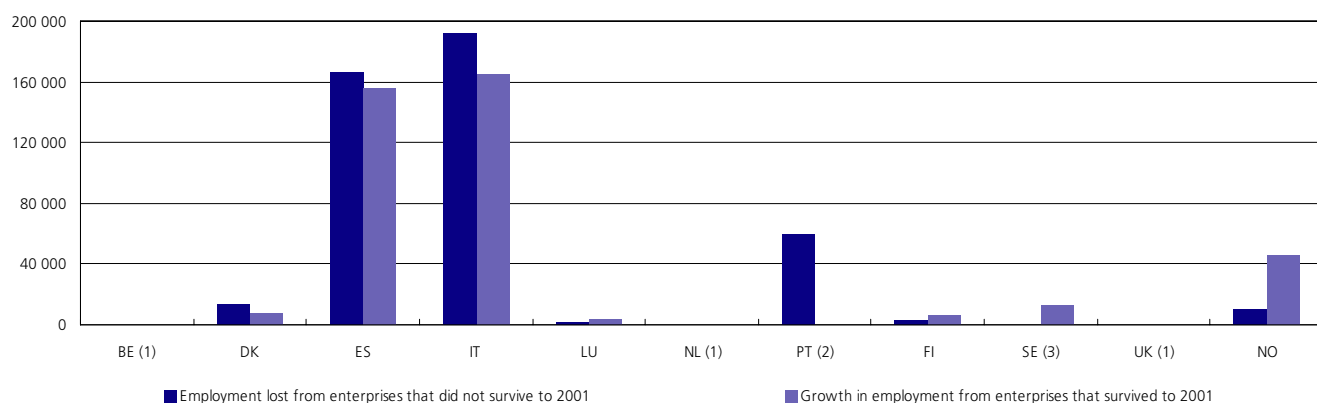
Table 4.29: Employment change among newly born enterprises (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Industry</b>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 2000	:	:	761	14 348	18 393	29	:	3 336	:	:	:	574
Growth in employment from enterprises that survived to 2000	:	:	712	19 820	35 146	257	:	7 175	:	989	:	1 797
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2001	25 018	:	741	11 975	9 456	18	2 460	10 500	62	306	:	328
Growth in employment from enterprises that survived to 2001	59 253	:	1 221	17 999	35 274	195	1 275	:	1 122	2 167	:	1 991
<b>Construction</b>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 2000	:	:	1 033	30 073	22 241	167	:	4 724	334	318	7 185	976
Growth in employment from enterprises that survived to 2000	:	:	1 097	35 180	23 878	408	:	1 992	1 206	1 214	6 420	1 320
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2001	48 234	:	1 103	30 376	13 617	76	2 420	11 697	355	287	:	828
Growth in employment from enterprises that survived to 2001	68 427	:	746	40 163	22 051	390	1 540	:	1 640	1 897	:	979
<b>Services</b>												
Enterprises born in 1998												
Employment lost from enterprises that did not survive to 2000	:	:	8 476	83 360	103 550	737	:	14 869	:	4 201	61 720	6 317
Growth in employment from enterprises that survived to 2000	:	:	4 474	92 562	82 242	1 944	:	6 025	:	8 743	40 045	6 943
Enterprises born in 1999												
Employment lost from enterprises that did not survive to 2001	170 691	:	9 659	75 983	56 624	747	23 804	34 148	585	3 289	:	6 705
Growth in employment from enterprises that survived to 2001	218 786	:	5 793	98 953	72 204	2 962	16 370	:	6 138	16 366	:	16 832

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.20: Employment change among enterprises born in 1998, business economy (units)



(1) Not available.

(2) Growth in employment of enterprises born in 1998 that survived to 2001, not available.

(3) Employment lost from enterprises born in 1998 that did not survive to 2001, not available.

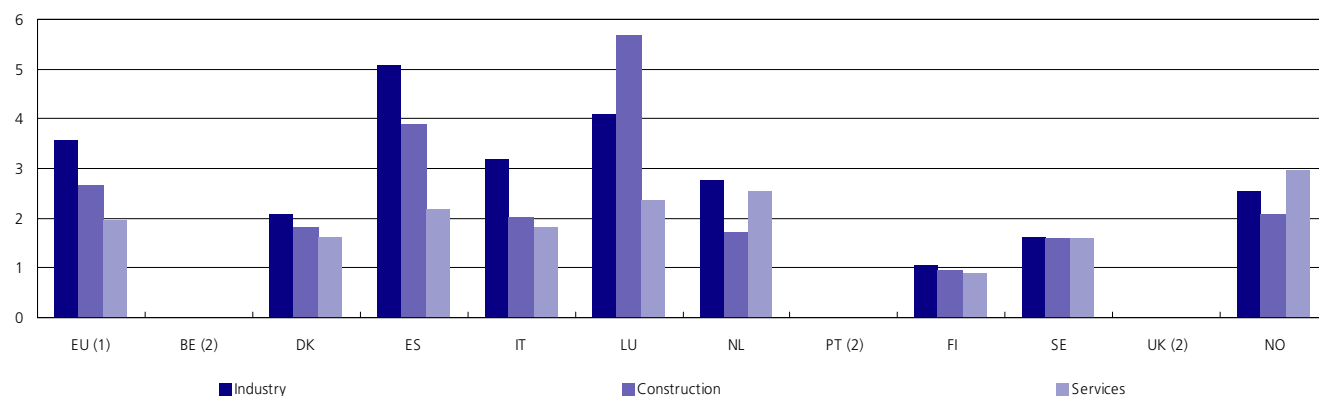
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 4.30: Employment change among enterprises born in 1998 (units)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Industry</i>												
Employment lost from enterprises that did not survive to 2001	:	:	1 009	19 695	24 277	34	:	9 301	382	:	:	847
Growth in employment from enterprises that survived to 2001	:	:	713	21 519	39 779	359	:	:	896	1 271	:	4 353
<i>Construction</i>												
Employment lost from enterprises that did not survive to 2001	:	:	1 382	39 598	28 714	226	:	13 395	583	597	:	1 352
Growth in employment from enterprises that survived to 2001	:	:	1 099	32 661	25 924	425	:	:	1 130	1 618	:	3 851
<i>Services</i>												
Employment lost from enterprises that did not survive to 2001	:	:	11 109	106 484	138 677	1 121	:	36 729	1 826	7 768	:	7 924
Growth in employment from enterprises that survived to 2001	:	:	5 119	101 834	99 431	2 600	:	:	4 792	10 401	:	37 452

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.21: Average size (in terms of persons employed) of one-year old enterprises that were born in 2000 (units)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

As shown in Figure 4.21, the average size (in terms of persons employed) of one-year old enterprises that were born in 2000 was, in general, larger for enterprises in the industrial sector than for those active in construction or services <sup>(29)</sup>. However, in Finland and Sweden there was little or no difference in the average size of one-year old enterprises across all three aggregates, while in Norway the largest average size recorded in the services sector and in Luxembourg in the construction sector. For the EU aggregate composed of data for seven countries, the average size of industrial enterprises born in 2000 and surviving one year was 3.6 persons, while the corresponding figures for construction and services were somewhat lower, at 2.7 and 2.0 respectively.

<sup>(29)</sup> Belgium, Portugal and the United Kingdom, not available.

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**Table 4.31: Average size (in terms of persons employed) of one-year old enterprises (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	1.6	2.6	1.7	2.6	:	2.1	0.8	1.4	2.3	2.2
Enterprises born in 1999	2.2	:	1.6	2.8	1.8	2.7	2.3	1.9	0.9	1.6	:	1.9
Enterprises born in 2000	2.2	:	1.7	2.7	2.0	2.6	2.4	:	0.9	1.6	:	2.8
<i>Industry</i>												
Enterprises born in 1998	:	:	2.1	4.8	2.4	6.1	:	3.7	0.7	1.4	3.1	3.8
Enterprises born in 1999	3.5	:	2.2	5.3	3.0	4.8	2.9	2.8	0.9	1.7	:	3.0
Enterprises born in 2000	3.6	:	2.1	5.1	3.2	4.1	2.8	:	1.1	1.6	:	2.5
<i>Construction</i>												
Enterprises born in 1998	:	:	1.8	4.0	1.7	6.0	:	2.0	1.0	1.5	1.9	2.2
Enterprises born in 1999	2.7	:	1.8	4.1	1.9	5.6	1.8	1.7	1.1	1.5	2.2	1.8
Enterprises born in 2000	2.7	:	1.8	3.9	2.0	5.7	1.7	:	0.9	1.6	:	2.1
<i>Services</i>												
Enterprises born in 1998	:	:	1.5	2.1	1.6	2.2	:	1.9	0.8	1.4	2.3	2.0
Enterprises born in 1999	1.9	:	1.5	2.3	1.6	2.4	2.4	1.7	0.9	1.6	2.5	1.8
Enterprises born in 2000	2.0	:	1.6	2.2	1.8	2.4	2.5	:	0.9	1.6	:	3.0

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.32: Average size (in terms of persons employed) of two-year old enterprises (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Enterprises born in 1998	:	:	1.8	3.2	1.9	3.3	:	2.6	1.1	1.7	:	2.3
Enterprises born in 1999	2.5	:	1.9	3.2	2.1	3.5	2.7	:	1.1	1.8	:	2.7
<i>Industry</i>												
Enterprises born in 1998	:	:	2.1	5.4	2.8	8.3	:	4.9	1.1	1.7	:	3.9
Enterprises born in 1999	4.0	:	2.8	5.8	3.5	6.0	3.1	:	1.2	2.0	:	3.8
<i>Construction</i>												
Enterprises born in 1998	:	:	2.0	4.6	1.9	7.6	:	2.4	1.3	1.8	2.3	2.4
Enterprises born in 1999	2.9	:	2.0	4.4	2.1	7.5	1.9	:	1.2	1.7	:	2.0
<i>Services</i>												
Enterprises born in 1998	:	:	1.7	2.6	1.8	2.8	:	2.2	1.1	1.7	2.6	2.2
Enterprises born in 1999	2.2	:	1.8	2.6	1.9	3.2	2.8	:	1.1	1.8	:	2.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

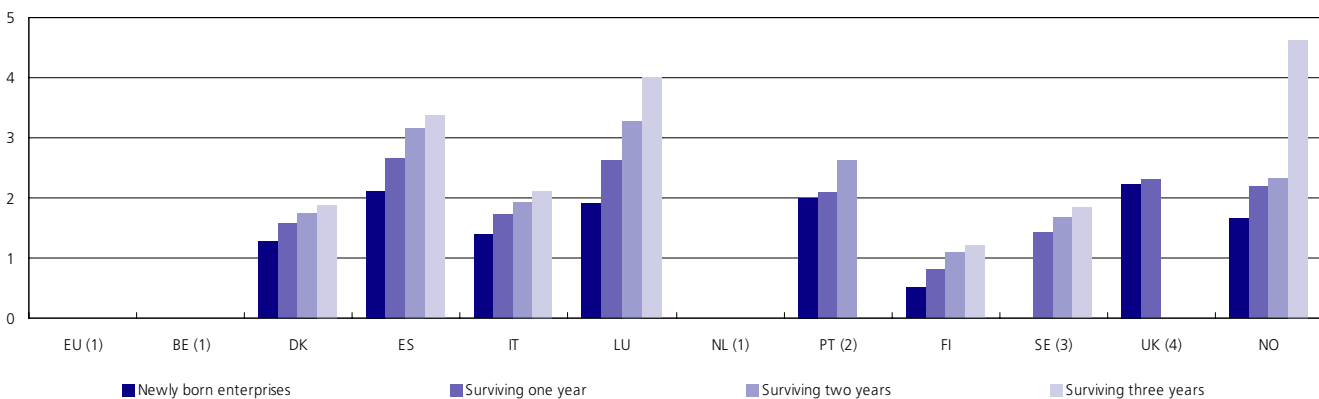
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 4.33: Average size (in terms of persons employed) of three-year old enterprises that were born in 1998 (units)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	:	:	1.9	3.4	2.1	4.0	:	:	1.2	1.8	:	4.6
Industry	:	:	2.3	5.7	3.2	10.7	:	:	1.2	1.9	:	6.5
Construction	:	:	2.1	4.7	2.0	8.3	:	:	1.3	2.1	:	3.8
Services	:	:	1.8	2.8	2.0	3.4	:	:	1.2	1.8	:	4.6

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.22: Average size (in terms of persons employed) of enterprises that were born in 1998 (units)**



(1) Not available.

(2) Three-year old enterprises, not available.

(3) Newly born enterprises, not available.

(4) Two and three-year old enterprises, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.22 shows the average size of enterprises that were born in 1998 and survived one, two or three years. There is a clear pattern that surviving enterprises tend to grow larger in size over time, which was not broken for any of the countries for which data are available<sup>(30)</sup>.

<sup>(30)</sup> Belgium and the Netherlands, not available; Portugal, three-year old enterprises not available; Sweden, newly born enterprises, not available; the United Kingdom, two and three-year old enterprises not available.

Table 4.34: Average size (in terms of persons employed) of enterprises that were born in 1998 (units)

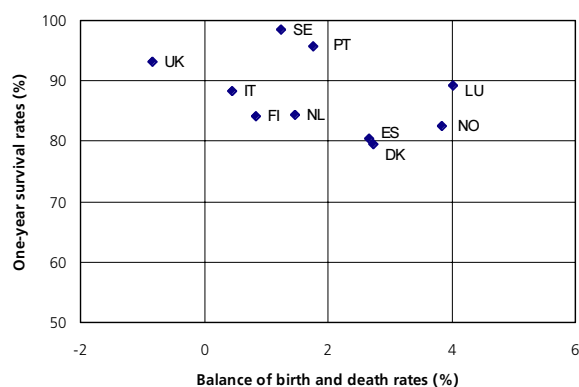
	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
Newly born enterprises	:	:	1.3	2.1	1.4	1.9	:	2.0	0.5	:	2.2	1.7
Surviving one year	:	:	1.6	2.6	1.7	2.6	:	2.1	0.8	1.4	2.3	2.2
Surviving two years	:	:	1.8	3.2	1.9	3.3	:	2.6	1.1	1.7	:	2.3
Surviving three years	:	:	1.9	3.4	2.1	4.0	:	:	1.2	1.8	:	4.6
<i>Industry</i>												
Newly born enterprises	:	1.8	1.5	3.9	1.7	4.1	:	3.3	0.5	:	3.1	2.4
Surviving one year	:	:	2.1	4.8	2.4	6.1	:	3.7	0.7	1.4	3.1	3.8
Surviving two years	:	:	2.1	5.4	2.8	8.3	:	4.9	1.1	1.7	:	3.9
Surviving three years	:	:	2.3	5.7	3.2	10.7	:	:	1.2	1.9	:	6.5
<i>Construction</i>												
Newly born enterprises	:	1.1	1.4	3.0	1.4	4.7	:	1.8	0.6	1.3	1.9	1.6
Surviving one year	:	:	1.8	4.0	1.7	6.0	:	2.0	1.0	1.5	1.9	2.2
Surviving two years	:	:	2.0	4.6	1.9	7.6	:	2.4	1.3	1.8	2.3	2.4
Surviving three years	:	:	2.1	4.7	2.0	8.3	:	:	1.3	2.1	:	3.8
<i>Services</i>												
Newly born enterprises	:	1.1	1.2	1.7	1.3	1.6	:	1.8	0.5	1.3	2.2	1.6
Surviving one year	:	:	1.5	2.1	1.6	2.2	:	1.9	0.8	1.4	2.3	2.0
Surviving two years	:	:	1.7	2.6	1.8	2.8	:	2.2	1.1	1.7	2.6	2.2
Surviving three years	:	:	1.8	2.8	2.0	3.4	:	:	1.2	1.8	:	4.6

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

#### 4.5: RELATIONSHIP WITH OTHER INDICATORS

The final section of this chapter looks to see if there is any evidence of a link between survival rates and other indicators (both demographic and more general macro-economic variables). Figure 4.23 is a scatterplot that presents the relationship between survival rates and the balance of birth and death rates for enterprises born in 1999. There is weak evidence to suggest that the more the birth rate exceeds the death rate then the lower the chances of survival. However, Figure 4.24, which shows the same information for the cohort of enterprises born in 2000, indicates no clear pattern between survival rates and the balance of birth and death rates.

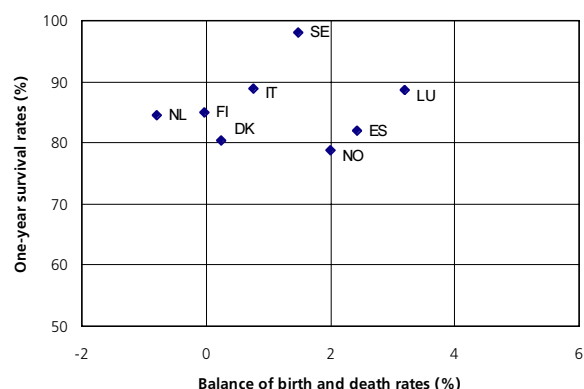
Figure 4.23: One-year survival rates of enterprises born in 1999 and the balance of birth and death rates in 1999, business economy (1)



(1) Belgium, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 4.24: One-year survival rates of enterprises born in 2000 and the balance of birth and death rates in 2000, business economy (1)

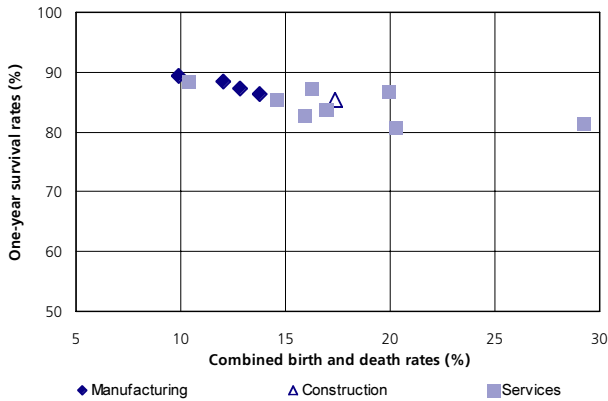


(1) Belgium, Portugal and the United Kingdom, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

#### 4. SURVIVING ENTERPRISES

**Figure 4.25: One-year survival rates of enterprises born in 1999 and combined birth and death rates in 1999, EU (1)**

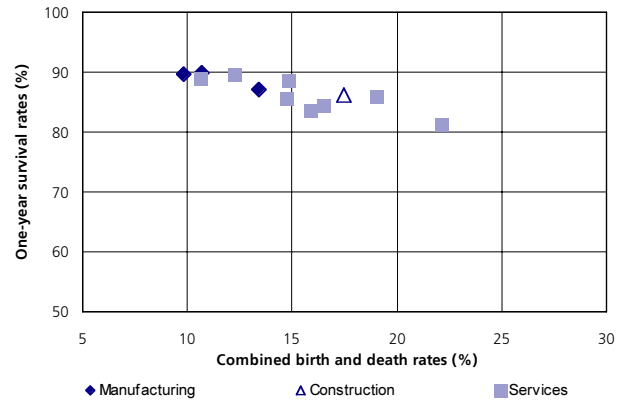


(1) The plots show manufacturing NACE subsections, construction and services NACE divisions; EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figures 4.25 and 4.26 show the relationship between survival rates and the combined birth and death rate, which can be used as a proxy for demographic dynamics in that it measures enterprise entry and exit. Rather than perform the analysis using aggregated data, these two graphs use more detailed NACE information (at the subsection and division level of detail) for the EU aggregate made-up of information for seven of the participating countries. Lower survival rates were experienced in activities that had a high proportion of enterprises either entering or exiting the market. Industrial activities were more often characterised by having a low combined birth and death rate, together with relatively high survival rates, while the dynamics of the enterprise population in most services sectors were more fluid with higher proportions of enterprises entering and exiting markets and relatively low survival rates.

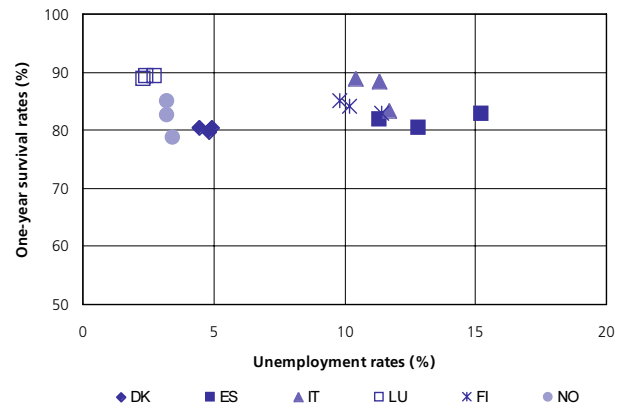
An alternative hypothesis is to look at a relationship between unemployment rates and survival rates. Figure 4.27 shows one-year survival rates for enterprises newly born in the business economy and unemployment rates. With a limited series for just three years firm conclusions can not be drawn, however, the data for Italy, Finland and Norway conform to the idea that as unemployment rates fall so survival rates rise. There was no clear pattern in either Denmark or Spain, while in Luxembourg an increasing unemployment rate was matched by higher survival rates.

**Figure 4.26: One-year survival rates of enterprises born in 2000 and combined birth and death rates in 2000, EU (1)**



(1) The plots show manufacturing NACE subsections, construction and services NACE divisions; EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 4.27: One-year survival rates of enterprises born in 1998, 1999 or 2000 for the business economy and unemployment rates for the corresponding years, selected countries**



Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 5. ENTERPRISE DEATHS

Commission Regulation No 2700/98 defines enterprise deaths as 'a count of the number of deaths of enterprises registered to the population concerned in the business register corrected for errors. A death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs, break-ups and restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity.' Furthermore, the statistics presented do not consider an enterprise as having died if it undergoes a change of legal form, or if it is reactivated within two calendar years.

The analysis presented in this chapter is made-up of five subchapters, dealing with the following subjects:

- an overview of enterprise deaths;
- a breakdown of the results by economic activity;
- a breakdown of the results by enterprise size-class;
- the effect of enterprise deaths on employment, and;
- the possible relationship between enterprise deaths and other selected economic indicators.

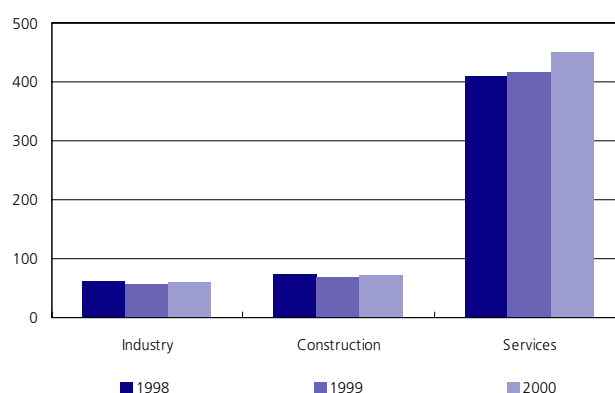
### 5.1: OVERVIEW

Data relating to the death of enterprises are available for the period 1997 to 2000, except for Belgium (only available for 1998 to 1999), Portugal (only available for 1997 to 1999) and Norway (only available for 1999 to 2000). It should be noted that for several countries the data on enterprise deaths for 2000 have not been checked for reactivations, and hence the number of deaths (and related indicators) may be too high. Aggregated results are presented for the sum or the average of seven countries (Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden); these are hereafter referred to as the EU average or the EU aggregate.

Figure 5.1 provides an overview of the number of enterprise deaths that occurred during the period 1998 to 2000. The data presented for the EU aggregate shows that the highest number of deaths was consistently recorded within the services sector (NACE Sections G to K).

Indeed, the number of deaths among enterprises in the services sector in 2000 was six times higher than for construction (NACE Section F) and eight times higher than for industry (NACE Sections C to E). Enterprise deaths in the services sector in 2000 accounted for 77.5 % of the total number of deaths within the business economy for the EU aggregate, compared to 73.7 % of all active enterprises. The industrial sector accounted for 10.1 % of all enterprise deaths in 2000 (2.8 percentage points less than its share of the total number of active enterprises), while 12.4 % of deaths were recorded in construction (1.0 percentage point less than the corresponding proportion of active enterprises).

**Figure 5.1: Number of enterprise deaths, EU (thousands) (1)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The evolution of the number of enterprise deaths increased in the services sector between 1998 and 2000, on average by 4.8 % per annum for the EU aggregate, compared to annual average reductions of 2.9 % per annum for industry and 1.7 % per annum for construction.

In most countries, the number of deaths in the services sector in 2000 was between 6 and 11 times higher than in industry and between 5 and 9 times higher than in construction - see Table 5.1.

The number of deaths in the business economy increased consistently in Belgium, Denmark, the Netherlands and the United Kingdom, while there was a decrease recorded each year in Portugal. An alternating pattern of increases and reductions was observed in the other countries. A comparison of the number of deaths in the business economy between 1997 and 2000 can be made for seven countries <sup>(1)</sup>. It shows that in Italy (-19.5 %) and Sweden (-16.2 %), and to a lesser extent, Spain (-0.7 %), the number of deaths fell. On the other hand, there were considerably more deaths in 2000 than there had been in 1997 in Denmark (29.8 %), Luxembourg (21.3 %), the United Kingdom (11.9 %) and Finland (9.7 %).

Table 5.2 provides information on enterprise death rates (in other words, the ratio of deaths to the population of active enterprises). Death rates for the business economy ranged between 5.5 % (Sweden) and 10.6 % (the United Kingdom) in 2000 <sup>(2)</sup>. Subject to data availability, the United Kingdom recorded the highest death rate throughout the period from 1997 to 2000. The lowest death rates were recorded in either Finland (1997) or Sweden (1998 to 2000).

<sup>(1)</sup> Belgium, the Netherlands, Portugal and Norway, not available.

<sup>(2)</sup> Belgium and Portugal, not available.

## 5. ENTERPRISE DEATHS

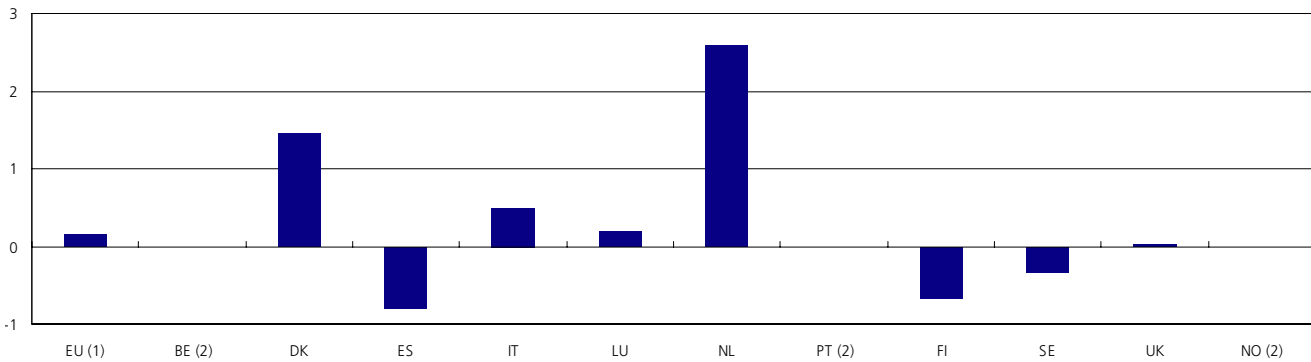
**Table 5.1: Number of enterprise deaths (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
1997	:	:	19 654	189 545	327 130	1 685	:	48 388	15 620	33 590	163 585	:
1998	544 702	32 378	20 370	202 426	234 380	1 846	38 893	46 551	18 820	27 967	176 790	:
1999	544 290	42 086	20 656	176 555	261 959	2 025	42 415	45 312	15 925	24 755	179 125	16 059
2000	579 301	:	25 506	188 257	263 458	2 044	54 762	:	17 132	28 142	182 995	17 990
<i>Industry</i>												
1997	:	:	1 671	17 704	42 885	50	:	6 246	2 115	3 109	17 850	:
1998	61 848	2 260	1 717	19 661	32 312	58	2 952	6 717	2 371	2 777	18 330	:
1999	57 680	2 890	1 678	15 411	33 030	63	3 054	5 694	1 988	2 456	16 765	1 589
2000	58 363	:	2 114	15 965	31 284	60	3 996	:	2 140	2 804	17 310	2 104
<i>Construction</i>												
1997	:	5 208	1 610	21 495	42 170	113	:	9 070	2 093	3 683	20 865	:
1998	74 280	3 960	1 837	25 885	37 770	116	3 097	7 701	2 768	2 807	23 050	:
1999	69 144	5 112	1 936	21 766	37 385	151	3 326	8 621	2 211	2 369	21 255	2 600
2000	71 780	:	2 424	24 919	34 168	113	5 081	:	2 342	2 733	22 160	2 250
<i>Services</i>												
1997	:	37 086	16 373	150 346	242 075	1 522	:	33 072	11 412	26 798	124 870	:
1998	408 574	26 158	16 816	156 880	164 298	1 672	32 844	32 133	13 681	22 383	135 410	:
1999	417 466	34 084	17 042	139 378	191 544	1 811	36 035	30 997	11 726	19 930	141 105	11 870
2000	449 158	:	20 968	147 373	198 006	1 871	45 685	:	12 650	22 605	143 525	13 636

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 5.2: Absolute difference of enterprise death rates for 1998 subtracted from those for 2000, business economy (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 5.2: Enterprise death rates (%)**

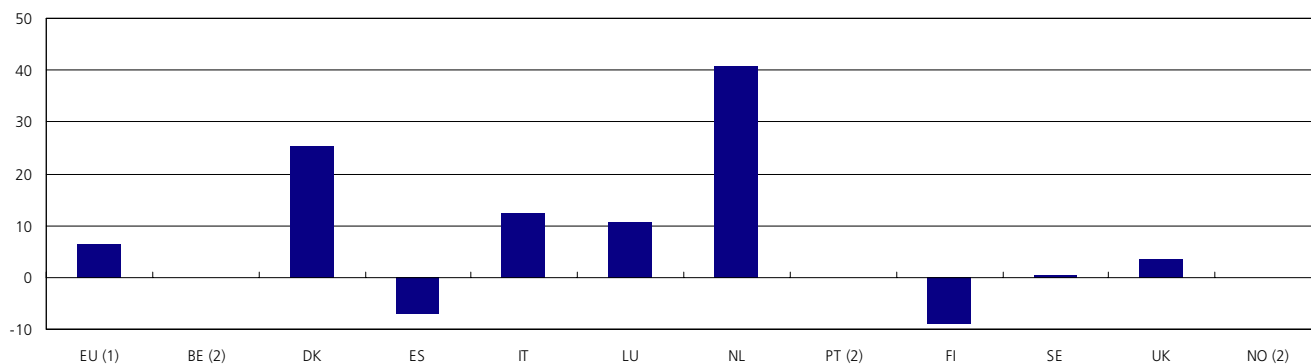
	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Business economy</i>												
1997	:	:	8.1	7.7	9.3	8.7	:	7.0	6.7	7.1	9.7	:
1998	7.2	6.7	8.3	8.0	6.5	9.0	7.7	6.5	8.0	5.9	10.5	:
1999	7.0	8.7	8.1	6.9	7.1	9.4	8.1	6.3	6.8	5.1	10.4	7.6
2000	7.3	:	9.7	7.2	7.0	9.2	10.2	:	7.3	5.5	10.6	8.3
<i>Industry</i>												
1997	:	:	5.1	6.8	7.4	5.2	:	6.2	5.9	5.6	8.9	:
1998	6.1	4.9	5.4	7.5	5.6	5.8	5.9	6.6	6.6	5.0	9.4	:
1999	5.7	6.3	5.2	5.9	5.8	6.3	6.0	5.5	5.6	4.3	8.7	6.4
2000	5.7	:	6.6	6.0	5.4	5.9	7.8	:	6.1	4.7	9.4	8.5
<i>Construction</i>												
1997	:	7.6	5.7	7.5	9.1	6.8	:	7.9	6.6	6.7	9.2	:
1998	7.6	5.7	6.3	8.4	7.7	6.7	5.2	6.4	8.4	5.2	10.3	:
1999	6.9	7.3	6.3	6.8	7.5	8.4	5.3	6.9	6.6	4.3	9.3	7.7
2000	6.8	:	7.5	7.2	6.6	6.2	7.5	:	6.9	4.8	9.7	6.7
<i>Services</i>												
1997	:	10.0	8.9	7.8	9.8	9.1	:	6.9	7.0	7.3	10.0	:
1998	7.3	7.1	9.1	8.0	6.5	9.4	8.2	6.6	8.2	6.1	10.7	:
1999	7.3	9.2	8.9	7.1	7.4	9.7	8.8	6.2	7.1	5.3	10.9	7.8
2000	7.7	:	10.6	7.4	7.4	9.7	11.0	:	7.7	5.8	10.9	8.6

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Enterprise death rates were generally higher in the services sector than in either industry or construction, during the four-year period from 1997 to 2000. The only exceptions were Spain (1998), Italy (1998 and 1999), Portugal (1997 and 1999) and Finland (1998), where the death rate was higher for construction than it was for services.

**Figure 5.3: Relative difference between enterprise death rates for 2000 compared with those for 1998, business economy (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 5.2 provides information on the evolution of death rates between 1998 and 2000 for the whole of the business economy. It shows that in four of the eight countries for which data are available<sup>(3)</sup>, death rates were higher in 2000 than they had been in 1998. The difference in death rates between 1998 and 2000 ranged from 0.2 percentage points higher in Luxembourg to 2.6 percentage points higher in the Netherlands. Death rates between 1998 and 2000 were practically unchanged in the United Kingdom, while in Spain, Finland and Sweden, death rates decreased (never by more than one percentage point).

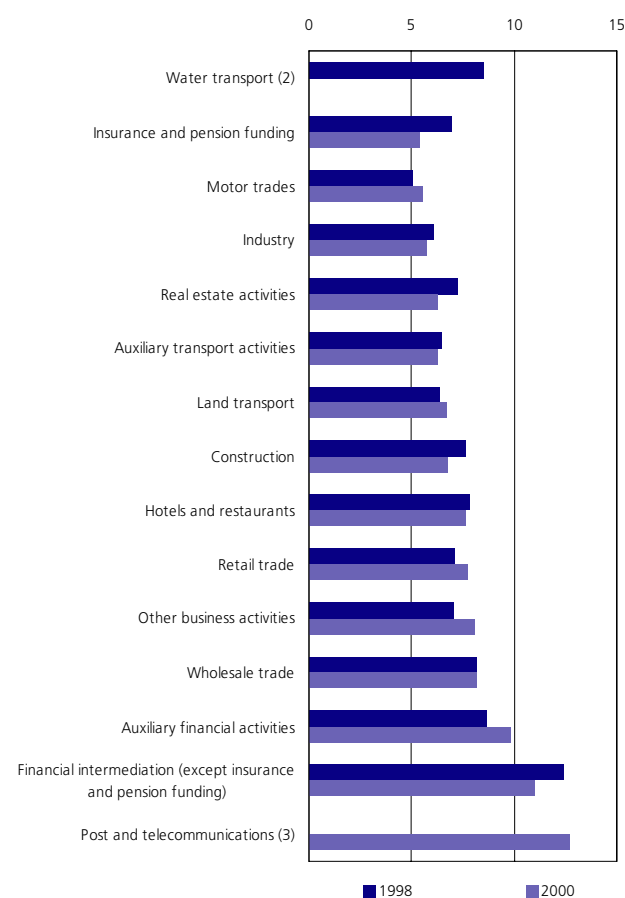
Looking in slightly more detail, Table 5.2 shows that for the EU aggregate during the period 1998 to 2000, the death rate fell for industry and construction, whereas it rose for services. Given the weight of the services sector in the business economy, this is an important observation for the interpretation of the data presented in this chapter.

Figure 5.3 presents a similar set of information as that shown in Figure 5.2, but is based instead on absolute figures, instead of rates. The number of enterprise deaths in the business economy rose by almost 41 % between 1998 and 2000 in the Netherlands, and by just over 25 % in Denmark, while Italy and Luxembourg also reported double-digit increases in their respective number of deaths. The only two countries to record a reduction in their overall number of deaths between 1998 and 2000 were Finland (-9.0 %) and Spain (-7.0 %).

## 5.2: ACTIVITY BREAKDOWN

Figure 5.4 shows data for industry and construction aggregates together with more detailed figures (at the NACE division level) for services. It provides a comparison of death rates between 1998 and 2000 for the EU aggregate. Note that death rates fell during this period for industry and construction, while they rose overall for the services sector. Nevertheless, death rates were lower in 2000 than they had been in 1998 for 5 of the 11 NACE services divisions for which data are available: hotels and restaurants, auxiliary transport activities, financial intermediation (except insurance and pension funding), insurance and pension funding, and real estate activities.

**Figure 5.4: Enterprise death rates, EU (%) (1)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; air transport, renting, computer and related activities and research and development, not available.

(2) 2000, not available.

(3) 1998, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

<sup>(3)</sup> Belgium, Portugal and Norway, not available.



## 5. ENTERPRISE DEATHS

Among the 12 services NACE divisions for which death rates are available for 2000, insurance and pension funding registered the lowest rates (5.4 %), while post and telecommunications had the highest rates (12.7 %).

Table 5.3 shows more detail for death rates over the period 1997 to 2000. The data show that national characteristics seem to be generally more important than sector specific characteristics as regards death rates across economic activities. For example, death rates tended to be relatively high and increasing over time in the United Kingdom, while rates were relatively low in Sweden. The lack of variation across activities for death rates for the same country tends to suggest that country-specific factors play an important role in determining death rates - for example, the risk-taking profile of entrepreneurs, banks and other financial institutions, or the incentives given by local and/or national governments to support business start-ups.

Nevertheless, there were some sector-specific trends apparent, such as generally low and relatively stable death rates within the manufacturing sector. Death rates for construction, distribution, auxiliary transport activities, real estate activities, and renting were also relatively stable over time. On the other hand, several service sectors, notably those associated with finance or technology, reported relatively high death rates that fluctuated more over time; for example, post and telecommunications, financial intermediation, insurance and pension funding, computer and related activities, and research and development.

**Table 5.3a: Enterprise death rates (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Mining and quarrying</i>												
1997	:	4.7	5.4	6.3	7.0	:	:	4.6	5.5	7.2	10.2	:
1998	6.1	4.0	6.4	7.1	6.0	0.0	7.6	7.9	5.3	3.9	12.3	:
1999	5.3	3.0	7.4	4.3	6.5	0.0	4.1	5.4	5.4	1.6	12.1	4.4
2000	5.0	:	6.8	4.7	5.1	0.0	7.2	:	5.3	3.3	12.7	2.9
<i>Manufacturing</i>												
1997	:	6.5	5.9	6.9	7.4	:	:	6.3	6.0	5.6	8.9	:
1998	:	4.9	6.2	7.5	5.6	:	5.9	6.6	6.8	5.1	9.4	:
1999	:	6.3	6.1	6.0	5.8	:	6.0	5.5	5.8	4.4	8.7	6.6
2000	5.8	:	7.6	6.0	5.4	6.2	7.8	:	6.2	4.8	9.3	9.0
<i>Electricity, gas and water supply</i>												
1997	:	:	1.0	4.3	9.4	:	:	2.9	2.7	3.4	11.5	:
1998	:	3.6	0.9	3.9	6.4	:	3.9	4.6	2.2	1.7	10.3	:
1999	:	4.7	1.1	2.8	7.1	:	4.9	3.7	1.2	1.1	9.5	2.5
2000	2.4	:	1.7	3.0	4.0	0.0	3.8	:	2.1	1.6	9.4	2.7
<i>Construction</i>												
1997	:	7.6	5.7	7.5	9.1	6.8	:	7.9	6.6	6.7	9.2	:
1998	7.6	5.7	6.3	8.4	7.7	6.7	5.2	6.4	8.4	5.2	10.3	:
1999	6.9	7.3	6.3	6.8	7.5	8.4	5.3	6.9	6.6	4.3	9.3	7.7
2000	6.8	:	7.5	7.2	6.6	6.2	7.5	:	6.9	4.8	9.7	6.7
<i>Motor trades</i>												
1997	:	7.6	5.6	5.9	6.5	6.5	:	5.1	5.5	5.8	8.7	:
1998	5.0	5.5	5.9	6.2	4.2	9.7	5.2	5.0	6.4	5.3	9.2	:
1999	5.0	7.1	5.7	5.1	4.9	12.3	5.5	4.5	5.4	4.8	8.5	5.5
2000	5.5	:	7.6	5.6	5.1	9.6	7.2	:	5.6	5.3	8.2	5.1
<i>Wholesale trade</i>												
1997	:	11.2	9.5	7.8	11.7	10.2	:	8.7	8.7	7.8	9.3	:
1998	8.2	8.5	9.4	7.8	8.2	11.1	9.0	8.7	10.3	7.0	10.4	:
1999	8.0	10.3	9.2	6.8	8.5	11.9	9.3	8.7	8.3	5.4	9.6	8.6
2000	8.2	:	10.5	7.3	8.3	10.6	10.8	:	8.3	6.2	9.0	7.4
<i>Retail trade</i>												
1997	:	9.7	10.5	8.3	7.4	8.3	:	6.3	8.8	8.6	10.3	:
1998	7.1	6.3	10.4	8.9	5.3	8.7	7.5	5.7	10.3	7.9	10.5	:
1999	7.6	8.7	10.7	7.7	7.3	8.9	7.8	5.1	9.6	7.3	10.2	8.2
2000	7.7	:	11.6	8.0	6.8	8.8	10.4	:	9.5	8.0	10.1	8.2
<i>Hotels and restaurants</i>												
1997	:	12.7	8.2	10.2	7.0	11.0	:	6.2	7.2	8.7	14.0	:
1998	7.9	8.4	8.8	9.9	5.4	10.2	7.0	5.8	8.6	8.1	14.4	:
1999	7.3	10.7	8.7	8.3	6.1	10.4	7.5	5.6	7.5	7.2	13.0	5.5
2000	7.7	:	9.2	8.8	5.7	10.6	9.9	:	7.5	8.0	13.8	7.1
<i>Land transport</i>												
1997	:	8.1	7.9	5.3	9.9	11.5	:	3.2	3.5	6.4	9.7	:
1998	6.3	6.1	7.7	6.2	7.0	8.1	6.3	3.5	3.8	5.2	10.5	:
1999	6.3	6.9	8.3	5.5	8.3	9.0	5.7	3.1	3.6	4.7	9.9	6.7
2000	6.7	:	10.0	5.7	8.4	10.2	8.4	:	4.1	5.3	9.7	8.4
<i>Water transport</i>												
1997	:	9.9	13.6	6.5	9.2	13.3	:	8.6	6.0	4.5	9.2	:
1998	8.6	10.5	9.2	5.7	7.8	10.1	9.7	12.9	6.9	5.6	12.5	:
1999	:	11.3	8.4	:	7.9	7.4	9.8	5.0	5.3	2.6	11.2	5.3
2000	:	:	11.8	:	8.0	:	10.3	:	7.6	5.0	8.4	9.6
<i>Air transport</i>												
1997	:	6.2	10.2	7.1	10.4	:	:	17.3	5.9	6.8	9.2	:
1998	:	6.8	7.8	:	5.4	0.0	9.5	4.3	10.6	6.5	11.3	:
1999	:	8.3	9.1	:	6.7	0.0	8.6	4.3	5.9	4.0	9.6	11.6
2000	:	:	7.2	:	1.8	:	10.2	:	10.2	3.4	9.1	14.7
<i>Auxiliary transport activities</i>												
1997	:	7.1	6.5	6.0	10.3	6.8	:	5.7	6.0	5.6	9.6	:
1998	6.5	5.1	6.3	5.6	7.0	7.4	8.3	7.3	6.6	5.6	10.7	:
1999	6.2	6.7	5.8	5.4	6.6	8.4	8.0	5.7	6.5	4.5	9.4	6.5
2000	6.3	:	6.3	5.7	5.7	7.4	10.7	:	7.2	5.6	9.6	5.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

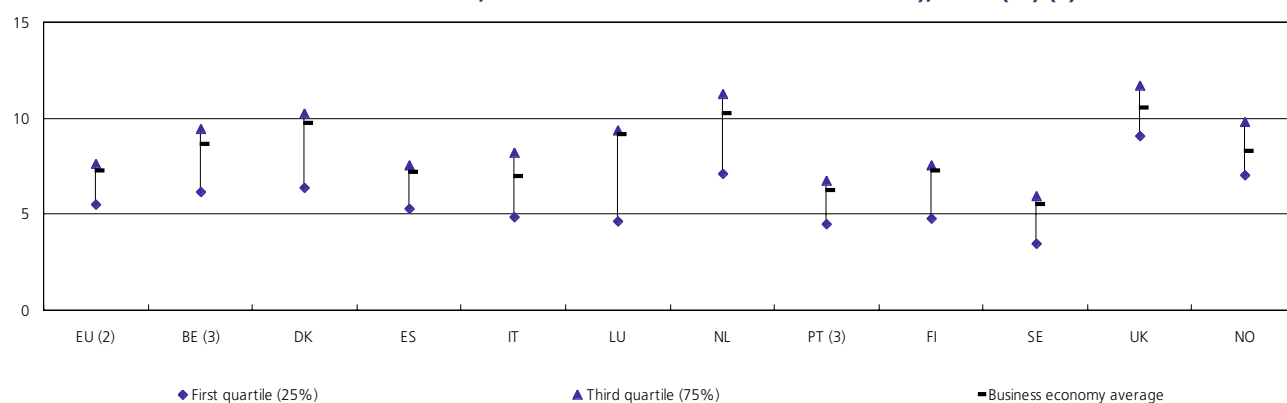
Table 5.3b: Enterprise death rates (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Post and telecommunications</i>												
1997	:	20.2	16.0	10.8	19.1	:	:	5.5	6.6	8.5	14.0	:
1998	:	12.7	16.2	:	15.9	11.7	13.7	8.4	11.0	10.6	14.8	:
1999	11.2	17.3	13.0	9.1	13.6	9.1	13.6	7.7	8.3	8.9	14.6	18.8
2000	12.7	:	17.8	9.8	15.0	9.1	17.1	:	7.0	6.4	14.4	17.2
<i>Financial intermediation (except insurance and pension funding)</i>												
1997	:	5.8	9.0	7.2	10.3	11.4	:	4.9	7.9	15.2	8.2	:
1998	12.4	6.1	10.8	4.7	16.5	14.0	11.5	4.7	7.8	7.5	11.7	:
1999	12.4	9.6	8.5	5.3	15.3	11.6	15.5	2.7	6.0	3.6	10.9	:
2000	11.0	:	10.7	4.7	8.2	12.5	15.1	:	7.4	8.6	12.0	47.6
<i>Insurance and pension funding</i>												
1997	:	4.7	7.0	9.9	8.4	1.5	:	1.0	1.3	12.8	8.4	:
1998	7.0	1.9	10.0	11.9	4.7	1.2	6.9	2.1	1.5	4.4	10.3	:
1999	4.7	6.3	8.5	5.1	3.7	1.5	8.4	3.4	1.3	1.9	18.1	:
2000	5.4	:	6.5	3.7	4.4	3.1	11.4	:	1.9	3.5	22.0	21.0
<i>Auxiliary financial activities</i>												
1997	:	8.8	9.8	7.8	12.0	7.5	:	5.4	10.5	7.6	8.7	:
1998	8.7	8.7	13.0	8.1	9.0	7.8	9.0	6.2	12.4	6.0	10.3	:
1999	8.9	11.8	12.6	7.8	9.5	6.1	10.8	6.3	9.1	3.6	9.5	6.6
2000	9.8	:	10.2	8.4	10.5	7.5	12.8	:	12.1	4.4	10.3	12.5
<i>Real estate activities</i>												
1997	:	8.3	5.3	6.7	6.0	8.2	:	6.8	5.8	7.9	7.7	:
1998	7.2	7.1	5.8	6.3	8.7	8.4	9.4	6.8	7.1	4.1	8.1	:
1999	7.6	9.9	5.8	5.8	10.4	8.8	10.2	8.8	5.9	3.7	7.7	5.7
2000	6.3	:	6.5	6.3	6.4	8.7	11.3	:	7.3	3.2	6.9	5.4
<i>Renting</i>												
1997	:	9.7	9.9	8.2	13.4	:	:	6.0	8.3	8.2	9.1	:
1998	:	7.2	9.6	8.4	9.7	:	9.1	8.6	8.8	6.5	10.1	:
1999	8.0	8.5	8.6	7.3	9.8	11.0	9.0	6.0	7.7	4.9	9.4	9.4
2000	:	:	10.8	7.7	9.7	:	11.7	:	7.5	5.5	9.5	8.1
<i>Computer and related activities</i>												
1997	:	10.3	13.1	11.9	9.5	:	:	8.9	8.5	5.6	9.3	:
1998	:	7.7	13.3	11.7	7.4	:	10.2	11.9	10.7	5.5	10.8	:
1999	8.5	9.4	13.1	10.4	7.7	8.3	11.2	9.4	8.7	5.6	13.9	13.5
2000	:	:	17.5	10.3	8.3	:	14.1	:	10.8	5.8	14.4	:
<i>Research and development</i>												
1997	:	11.6	7.2	8.7	17.0	:	:	4.7	7.0	5.8	6.3	:
1998	:	4.0	7.4	9.5	10.9	:	10.3	7.3	9.2	3.5	9.1	:
1999	9.2	5.9	6.8	10.2	8.8	0.0	11.4	5.3	5.8	4.0	8.5	5.4
2000	:	:	13.7	11.3	10.4	:	14.3	:	7.8	3.2	10.2	:
<i>Other business activities</i>												
1997	:	8.9	10.0	7.2	14.2	8.3	:	12.4	7.0	6.4	9.2	:
1998	7.0	6.6	10.3	7.0	6.6	8.5	8.8	10.8	8.3	5.5	10.3	:
1999	6.7	8.7	9.5	6.7	6.4	9.0	9.5	10.8	7.0	4.7	11.2	9.5
2000	8.0	:	12.0	6.6	8.4	9.5	11.8	:	8.1	5.3	10.9	10.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 5.5: First (25%) and third (75%) quartiles for enterprise death rates (NACE subsections within Sections C and D, NACE divisions within Sections E to K), 2000 (%) (1)



(1) First quartile and third quartile values are based on the NACE activity data available for each country.

(2) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(3) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 5. ENTERPRISE DEATHS

**Table 5.4: Top three activities with the highest enterprise death rates  
(NACE subsections within Sections C and D, NACE divisions within Sections E to K), 2000 (%)**

EU (1)		BE (2)		DK		ES	
Post & telecoms	12.7	Post & telecoms	17.3	Post & telecoms	17.8	Research and development	11.3
Financial intermediation	11.0	Auxiliary financial activities	11.8	Computer & related activities	17.5	Computer & related activities	10.3
Auxiliary financial activities	9.8	Water transport	11.3	Research and development	13.7	Post & telecoms	9.8
IT		LU		NL		PT (2)	
Post & telecoms	15.0	Financial intermediation	12.5	Post & telecoms	17.1	Other business activities	10.8
Auxiliary financial activities	10.5	Hotels and restaurants	10.6	Financial intermediation	15.1	Computer & related activities	9.4
Research and development	10.4	Wholesale trade	10.6	Research and development	14.3	Real estate activities	8.8
FI		SE		UK		NO	
Auxiliary financial activities	12.1	Financial intermediation	8.6	Insurance & pension funding	22.0	Financial intermediation	47.6
Computer & related activities	10.8	Hotels and restaurants	8.0	Mining & quarrying	16.0	Insurance & pension funding	21.0
Air transport	10.2	Retail trade	8.0	Computer & related activities	14.4	Post & telecoms	17.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

While the range is easy to calculate (between the highest and lowest observed values in the data set), it may well include outliers that do not reflect the true distribution of the data. As such, the range may ignore a great deal of information, as it considers only the highest and lowest death rates and does not measure the spread of the majority of values. Figure 5.5 shows enterprise death rates in 2000 that correspond to the first (25 %) and third (75 %) quartiles. The first quartile (or Q1) is calculated by ranking all of the death rates that are available and then taking the point where 25 % of the values are smaller and 75 % are larger. In the same way, the upper quartile (or Q3) is the point where 75 % of the values are smaller and 25 % are larger. The inter-quartile range is another way of measuring the spread of the data and is calculated by taking the lower quartile from the upper quartile (Q3-Q1). The inter-quartile range spans 50 % of the data set, and eliminates the influence of outliers. The inter-quartile range of death rates for mining, quarrying and manufacturing subsections and electricity, gas and water supply, construction and services divisions was considerably higher for some countries (Luxembourg, the Netherlands and Denmark) and much lower for others (Spain, Portugal (1999) and Sweden), where death rates across activities were characterised by a rather regular distribution. It is also interesting to note that the business economy average was, with the exception of Norway, always closer to the third quartile than to the first quartile.

Table 5.4 presents the three highest death rates in 2000 for each of the countries (based on information (broken down by NACE subsection within Sections C and D and by divisions within Sections E to K). Business service activities (making-up NACE Section K), financial intermediation activities (NACE Section J) and post and communication activities (NACE Division 64) generally reported the highest death rates in each country.

### 5.3: SIZE-CLASS BREAKDOWN

This subchapter analyses the question of whether the size of an enterprise is important as regards the probability of an enterprise dying. It is evident from the information presented in Tables 5.5 and 5.6 that the size-class category with no employees reported the highest absolute number of enterprise deaths, as well as the highest death rates (expressed as a proportion of the total number of active enterprises within the size class). Among the seven countries that make-up the EU aggregate, there were almost 580 000 deaths within the whole of the business economy in 2000, of which 468 000 were enterprises with no employees. The number of deaths among enterprises with 1 to 4 employees was equivalent to one fifth (20.3 %) of the total number of deaths among enterprises with no employees and as the average size of enterprise increased this ratio fell further, such that deaths among enterprises with 20 or more employees represented just 0.3 % of the number of deaths among enterprises with no employees. These figures are not surprising, given that the majority of active enterprises also have no employees. Indeed, the data presented for enterprise deaths in this section generally mirror the situation that was observed for the distribution of active enterprises (see Chapter 2) and for the breakdown of enterprise births (see Chapter 3), where the highest shares were also reported for enterprises with no employees.

The evolution of death rates during the period 1997 to 2000 appeared to be more dependent upon the country being studied, rather than the size-class to which the enterprise belonged. For example, in Denmark, the Netherlands and Finland, death rates rose over the period considered irrespective of which size-class was being studied. On the other hand, in Italy and Portugal, death rates fell across all size-classes. In the remaining countries for which data are available (Luxembourg, the United Kingdom and Norway) death rates rose for very small enterprises with 4 or fewer (including 0) employees, whereas they fell for enterprises with more than 4 employees. Generally, the largest changes in death rates (as measured by the percentage points difference between 1997 and 2000) were recorded for enterprises with no employees. This is not surprising, given that enterprises with no employees had the highest death rates (often around 10 %), while death rates for enterprises with 20 or more employees were frequently below 1 %.

Table 5.5: Number of enterprise deaths, business economy (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
1997	:	36 976	17 028	140 028	307 448	1 005	:	35 114	14 044	28 949	56 550	:
1998	:	26 102	17 320	146 896	211 165	1 174	21 580	33 367	16 928	:	59 335	:
1999	:	34 303	17 342	122 697	242 748	1 165	23 110	33 733	13 816	:	57 460	11 661
2000	468 277	:	21 569	129 786	245 964	1 276	30 836	:	15 201	23 645	50 550	13 304
<i>1-4 employees</i>												
1997	:	:	2 365	42 852	17 072	565	:	10 322	1 446	:	84 770	:
1998	:	:	2 653	48 072	19 971	574	15 260	10 320	1 718	:	93 980	:
1999	:	:	2 896	:	16 543	725	16 901	9 057	1 886	2 612	102 185	3 926
2000	95 085	:	3 501	49 925	15 154	667	20 463	:	1 731	3 644	111 530	4 219
<i>5-9 employees</i>												
1997	:	815	174	:	1 706	67	:	1 596	105	:	12 930	:
1998	:	:	246	:	2 145	70	1 179	1 473	118	:	13 335	:
1999	:	:	265	:	1 740	91	1 286	1 221	170	:	11 980	296
2000	10 017	:	276	5 848	1 553	68	1 614	:	137	521	12 990	306
<i>10-19 employees</i>												
1997	:	342	68	:	674	28	:	890	22	:	5 960	:
1998	:	:	102	:	858	24	545	989	47	:	6 620	:
1999	:	273	101	:	721	35	677	865	49	:	5 465	120
2000	4 327	:	128	2 167	611	26	1 129	:	59	207	5 805	112
<i>20+ employees</i>												
1997	:	190	19	:	230	20	:	466	3	:	3 370	:
1998	:	:	49	:	241	4	329	402	9	:	3 480	:
1999	:	136	52	:	207	9	441	436	4	:	2 030	56
2000	1 595	:	32	531	176	7	720	:	4	125	2 115	49

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 5.6: Enterprise death rates, business economy (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>0 employees</i>												
1997	:	11.9	11.8	9.9	12.0	12.5	:	8.8	10.2	9.4	11.2	:
1998	:	8.4	11.9	10.3	8.0	13.8	11.2	8.2	12.2	:	12.9	:
1999	:	11.1	11.4	8.7	9.0	13.0	11.6	8.1	10.1	:	13.1	11.8
2000	9.4	:	13.7	9.2	9.0	13.9	14.9	:	11.1	7.6	12.3	13.1
<i>1-4 employees</i>												
1997	:	:	3.7	5.5	2.6	8.5	:	5.0	2.1	:	10.1	:
1998	:	:	4.1	5.9	3.0	8.2	6.7	4.8	2.5	:	10.7	:
1999	:	:	4.4	:	2.4	9.9	7.3	4.1	2.7	2.1	11.0	5.5
2000	4.5	:	5.0	5.7	2.1	8.7	8.7	:	2.5	2.7	11.4	5.6
<i>5-9 employees</i>												
1997	:	3.2	1.1	:	1.2	3.1	:	3.7	0.8	:	7.5	:
1998	:	:	1.5	:	1.5	3.1	3.3	3.3	0.9	:	7.8	:
1999	:	:	1.6	:	1.2	3.9	3.4	2.7	1.2	:	6.8	1.5
2000	2.3	:	1.8	3.4	1.0	2.9	4.4	:	1.0	1.7	7.1	1.5
<i>10-19 employees</i>												
1997	:	:	0.7	:	0.8	2.1	:	3.8	0.3	:	6.3	:
1998	:	:	1.0	:	1.0	1.8	2.5	4.0	0.7	:	7.0	:
1999	:	:	1.0	:	0.9	2.5	2.8	3.6	0.7	:	5.7	1.1
2000	1.9	:	1.4	2.7	0.7	1.8	4.4	:	0.8	1.3	6.2	1.0
<i>20+ employees</i>												
1997	:	:	0.2	:	0.4	1.6	:	2.4	0.1	:	4.6	:
1998	:	:	0.5	:	0.4	0.3	1.2	2.0	0.1	:	4.8	:
1999	:	:	0.5	:	0.3	0.6	1.5	2.3	0.1	:	2.7	0.6
2000	0.8	:	0.3	0.8	0.3	0.5	2.3	:	0.1	0.9	3.2	0.5

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

For enterprises with no employees, death rates for the whole of the business economy among the countries for which data are available were generally above 8 %; the only death rate below this level was in Sweden in 2000 <sup>(4)</sup>. For all of the other size-classes Finland generally reported the lowest death rates. This was particularly true for enterprises with 20 or more employees, where Finland recorded the lowest death rate throughout the period from 1997 to 2000 (0.1 % in all four years). In the rare cases that Finland did not report the lowest death rates in a particular size class in one of the years shown in Table 5.6, Italy recorded the lowest rates, for example for enterprises with 1 to 4 employees in 1999 and 2000 and for enterprises with 10 to 19 employees in 2000.

At the other end of the scale, the highest death rates for enterprises with no employees were recorded in Luxembourg in 1997 and 1998, the United Kingdom in 1999 and the Netherlands in 2000. For all other size-classes and for each year during the period 1997 to 2000, the highest death rates were consistently registered in the United Kingdom.

<sup>(4)</sup> The Netherlands and Norway, 1997 not available; Sweden and Norway, 1998 not available; Sweden, 1999 not available; Belgium and Portugal, 2000 not available.

## 5. ENTERPRISE DEATHS

Figure 5.6: Number of enterprise deaths per enterprise birth, business economy, 2000 (units)



(1) Not available.

(2) Size classes covering 5+ employees, not available.

(3) Size classes covering 10+ employees, not available.

(4) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 5.6 presents a ratio of the absolute number of deaths to births. The graph clearly shows that in Denmark, Spain, Italy and Luxembourg the net change in the number of active enterprises in the business economy was positive for each size-class in 2000<sup>(5)</sup>. The same was almost true in Portugal, where there were more deaths than births only among enterprises with 20 or more employees. For the Netherlands and the United Kingdom the opposite pattern was observed, as deaths exceeded births, sometimes by a considerable margin, in particular among larger enterprises with 20 or more employees. In Finland the picture was mixed, with less deaths (than births) among enterprises with 1 to 4 employees and 20 or more employees.

It should be noted that while it is interesting to look at the net change in the number of active enterprises and to see how the distribution differs between enterprises from different size-classes, these figures say nothing about the economic impact of demographic changes. The next subchapter will examine one aspect of this in more detail, namely the effect of enterprise deaths on employment.

<sup>(5)</sup> Belgium, Sweden and Norway, not available; Spain, size-classes for 5 and more employees, not available; Italy, size-classes for 10 and more employees, not available.

### 5.4: EFFECTS ON EMPLOYMENT

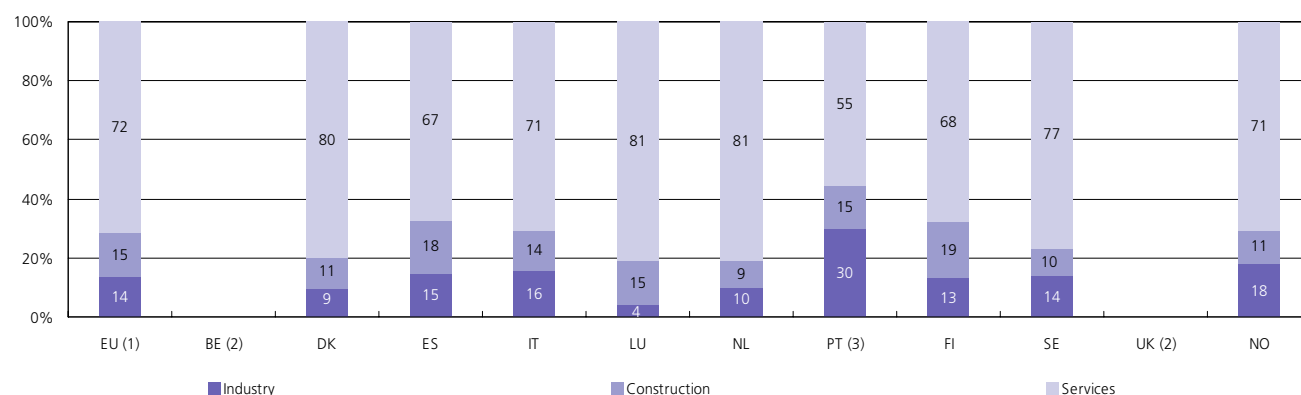
One of the most important consequences of the death of an enterprise is the loss of jobs associated with its closure. Figure 5.7 shows that the vast majority of the jobs lost in 2000 in the business economy as a result of enterprise deaths were located in the services sector. The number of jobs lost within the services sector, expressed as a percentage of all jobs lost in the business economy ranged from 55.3 % of the total in Portugal (1999) to 81.0 % in Luxembourg<sup>(6)</sup>, averaging 71.5 % in the seven countries that form the EU aggregate. These figures are not surprising given the weight of the services sector in the business economy in general. Indeed, the values are in line with other proportions from the same data set, for example, the share of services in the total number of business enterprise births or deaths.

While the majority of jobs lost in every country were lost in the services sector, there was a less clear picture for industry and construction. For the EU aggregate, 14.5 % of all jobs lost in 2000 were accounted for by construction activities, while the corresponding proportion for industry was 14.0 %. There were more job losses resulting from enterprise deaths in the construction sector (compared with industry) in Denmark, Spain, Luxembourg and Finland in 2000, while the converse was true in Italy, the Netherlands, Portugal, Sweden and Norway<sup>(7)</sup> - see Table 5.8.

<sup>(6)</sup> Belgium and the United Kingdom, not available.

<sup>(7)</sup> Belgium and the United Kingdom, not available.

Figure 5.7: Breakdown by activity of the number of persons employed in enterprises that died, 2000



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

(3) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 5.8: Number of persons employed in enterprises that died, industry and construction, 2000 (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Mining and quarrying	888	:	16	390	377	0	35	430	21	49	:	55
Manufacturing	131 122	:	2 816	53 241	54 173	153	14 035	27 152	743	5 961	:	3 363
Electricity, gas and water supply	506	:	99	158	187	0	13	47	1	48	:	58
Construction	137 630	:	3 334	66 966	48 949	505	12 585	13 796	1 112	4 179	:	2 167

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 5.9: Breakdown by activity of the number of persons employed in enterprises that died, industry, 2000 (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Mining and quarrying of energy producing materials	:	:	:	0.1	0.0	0.0	0.1	0.0	1.0	0.1	:	1.0
Mining and quarrying, except of energy producing materials	:	:	:	0.6	0.7	0.0	0.2	1.6	1.7	0.7	:	0.5
Manufacturing												
Food products, beverages and tobacco	12.6	:	9.7	13.2	10.3	22.9	21.0	8.9	7.8	10.5	:	13.0
Textiles and textile products	:	:	9.2	18.2	24.1	:	7.1	35.8	12.7	6.2	:	3.9
Leather and leather products	:	:	0.4	6.5	6.5	0.0	:	10.0	0.0	0.5	:	0.3
Wood and wood products	6.2	:	4.3	5.3	6.9	0.0	3.5	8.0	16.2	14.9	:	5.9
Pulp, paper, publishing and printing	7.9	:	23.0	6.9	5.0	15.0	15.3	5.2	18.2	17.0	:	18.5
Coke, refined petroleum and nuclear fuel	:	:	0.0	0.0	0.0	0.0	:	0.0	0.0	:	:	:
Chemicals and chemical products	:	:	0.4	1.5	0.8	:	1.6	0.6	0.4	:	:	2.3
Rubber and plastic products	:	:	2.5	3.0	2.6	:	3.5	1.1	3.1	2.3	:	1.3
Other non-metallic mineral products	4.3	:	4.3	5.1	3.9	0.0	4.0	4.8	0.7	1.6	:	:
Basic metals and metal products	14.1	:	13.3	14.5	14.1	30.1	11.9	8.6	14.8	16.4	:	11.4
Machinery and equipment n.e.c.	:	:	7.3	5.5	6.4	:	8.6	4.6	9.0	7.9	:	18.5
Electrical and optical equipment	6.5	:	8.1	3.9	8.9	6.5	7.1	1.7	3.7	6.0	:	3.8
Transport equipment	:	:	2.3	3.0	1.5	:	3.5	1.3	2.0	4.6	:	8.6
Manufacturing n.e.c.	10.3	:	11.4	12.4	8.0	20.3	11.6	7.7	8.6	9.8	:	6.6
Electricity, gas and water supply	0.4	:	3.4	0.3	0.3	0.0	0.1	0.2	0.1	0.8	:	1.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

A more detailed picture of the job losses in industrial activities resulting from enterprise deaths is presented in Table 5.9. It shows that basic metals (NACE Subsection DJ) and food products, beverages and tobacco (NACE Subsection DA) accounted for the highest proportion of jobs lost within industrial activities in 2000, some 14.1 % and 12.6 % of the total among the seven countries that make-up the EU aggregate.

The number of job losses was linked to the size of each industrial sector and in many ways reflected the specialisation and concentration of industrial activities across the countries<sup>(8)</sup>. For example, more than one third of the jobs that were lost in 1999 as a result of industrial enterprises dying in

Portugal were in the textiles and textile products sector (NACE Subsection DB). The same sector accounted for almost one quarter of the industrial jobs that were lost in Italy in 2000 and just under one fifth of the total in Spain (again in 2000). In a similar way, a high proportion (between 17 and 19 %) of the industrial jobs lost in the Nordic countries of Finland, Sweden and Norway, were accounted for by the pulp, paper, publishing and printing sector (NACE Subsection DE). This pattern was also evident in the Netherlands, where the food products, beverages and tobacco sector (NACE Subsection DA) accounted for more than one fifth of all industrial job losses, and in Luxembourg, where the highest number of job losses (almost one third of the industrial total) was registered for basic metals and metal products (NACE Subsection DJ).

<sup>(8)</sup> Belgium and the United Kingdom, not available.

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**Table 5.10: Number of persons employed in enterprises that died, services, 2000 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Services	678 804	:	25 265	249 079	249 036	2 800	114 987	51 175	3 958	33 679	:	13 626
Motor trades	27 997	:	1 115	9 049	10 816	115	5 164	3 266	232	1 506	:	436
Wholesale trade	98 474	:	3 136	30 777	41 969	385	17 163	11 780	403	4 641	:	1 342
Retail trade	177 724	:	5 445	76 113	63 634	518	23 970	13 956	814	7 230	:	2 125
Hotels and restaurants	95 026	:	2 060	51 274	21 993	629	14 998	6 957	638	3 434	:	1 397
Land transport	41 200	:	1 715	17 410	13 962	186	4 755	1 292	536	2 636	:	2 174
Water transport	:	:	107	:	199	:	748	:	8	60	:	295
Air transport	:	:	10	:	5	:	36	:	6	87	:	41
Auxiliary transport activities	8 819	:	263	2 408	3 261	24	2 202	612	56	605	:	159
Post and telecommunications	4 305	:	281	1 500	545	16	1 830	148	32	101	:	110
Financial intermediation	3 814	:	164	112	836	170	2 422	53	21	89	:	:
Insurance and pension funding	754	:	31	79	75	20	535	35	4	10	:	:
Auxiliary financial activities	17 885	:	45	4 337	8 925	42	4 313	1 505	38	185	:	:
Real estate activities	24 682	:	1 508	7 495	10 602	110	3 256	2 298	229	1 482	:	592
Renting	:	:	438	2 187	1 522	:	1 428	309	24	356	:	186
Computer and related activities	:	:	2 512	3 574	8 368	:	5 665	:	111	2 098	:	:
Research and development	:	:	125	621	1 174	:	637	:	3	97	:	:
Other business activities	145 673	:	6 310	42 054	61 150	430	25 864	8 300	803	9 062	:	3 659

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 5.11: Breakdown by activity of the number of persons employed in enterprises that died, services, 2000 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Motor trades	4.1	:	4.4	3.6	4.3	4.1	4.5	6.4	5.9	4.5	:	3.2
Wholesale trade	14.5	:	12.4	12.4	16.9	13.8	14.9	23.0	10.2	13.8	:	9.8
Retail trade	26.2	:	21.6	30.6	25.6	18.5	20.8	27.3	20.6	21.5	:	15.6
Hotels and restaurants	14.0	:	8.2	20.6	8.8	22.5	13.0	13.6	16.1	10.2	:	10.3
Land transport	6.1	:	6.8	7.0	5.6	6.6	4.1	2.5	13.5	7.8	:	16.0
Water transport	:	:	0.4	:	0.1	:	0.7	:	0.2	0.2	:	2.2
Air transport	:	:	0.0	:	0.0	:	0.0	:	0.2	0.3	:	0.3
Auxiliary transport activities	1.3	:	1.0	1.0	1.3	0.9	1.9	1.2	1.4	1.8	:	1.2
Post and telecommunications	0.6	:	1.1	0.6	0.2	0.6	1.6	0.3	0.8	0.3	:	0.8
Financial intermediation	0.6	:	0.6	0.0	0.3	6.1	2.1	0.1	0.5	0.3	:	:
Insurance and pension funding	0.1	:	0.1	0.0	0.0	0.7	0.5	0.1	0.1	0.0	:	:
Auxiliary financial activities	2.6	:	0.2	1.7	3.6	1.5	3.8	2.9	1.0	0.5	:	:
Real estate activities	3.6	:	6.0	3.0	4.3	3.9	2.8	4.5	5.8	4.4	:	4.3
Renting	:	:	1.7	0.9	0.6	:	1.2	0.6	0.6	1.1	:	1.4
Computer and related activities	:	:	9.9	1.4	3.4	:	4.9	:	2.8	6.2	:	:
Research and development	:	:	0.5	0.2	0.5	:	0.6	:	0.1	0.3	:	:
Other business activities	21.5	:	25.0	16.9	24.6	15.4	22.5	16.2	20.3	26.9	:	26.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

It is perhaps more revealing to study the number of jobs lost in any given sector in relation to the total number of persons employed in the same sector. This ratio was below 2 % for most industrial activities (see Table 5.12), with the most notable exceptions being the textiles and wood sectors, where a majority of countries reported that more than 2 % of sectoral employment was lost each year as a result of enterprise deaths. Relatively high proportions of the workforce also lost their jobs as a result of deaths within the leather sector (NACE Subsection DC) in Spain, Portugal and Norway, and in the miscellaneous activity of manufacturing not elsewhere classified (NACE Subsection DN) in Spain, Luxembourg and Portugal (this latter activity includes the manufacture of furniture as well as of other products such as jewellery, sports goods, musical instruments, games and toys). All of these activities could be characterised as mature industries, with relatively high labour-intensity and strong competition from developing countries, which could explain why jobs were being lost in these activities within EU countries.

Turning to the services sector, among the seven countries that compose the EU aggregate, more than one quarter of all the jobs lost in 2000 were accounted for by the retail trade sector (NACE Division 52). Just over one fifth of the total number of jobs lost were within other business activities (NACE Division 74), while the next highest proportions were 14.5 % and 14.0 % of the total as recorded by wholesale trade (NACE Division 51) and hotels and restaurants (NACE Division 55) - see Tables 5.10 and 5.11.

In contrast to the industrial sector, most service activities (at the NACE division level) reported that at least 2 % of the sectoral workforce lost their jobs in 2000 as a result of enterprise deaths (see Table 5.13). The main exceptions to this rule were found in the financial services sector (NACE Divisions 65 to 67), air and auxiliary transport services (NACE Divisions 62 and 63) and post and telecommunications (NACE Division 64); all of these activities tend to be dominated by large enterprises. The proportion of jobs lost in other service sectors as a result of enterprise deaths was considerably higher, sometimes rising above 4 %, for example, in the activities of land transport (NACE Division 60) and real estate (NACE Division 70).



**Table 5.12: Number of persons employed in enterprises that died as a proportion of the total number of persons employed in active enterprises, industry, 2000 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Mining and quarrying of energy producing materials	:	:	:	0.2	0.1	:	0.2	:	0.6	0.9	:	0.1
Mining and quarrying, except of energy producing materials	:	:	:	1.2	1.2	0.0	0.9	:	0.4	0.5	:	0.5
Manufacturing												
Food products, beverages and tobacco	1.4	:	0.4	1.7	1.3	0.7	1.9	2.1	0.1	1.0	:	0.8
Textiles and textile products	:	:	2.1	3.5	2.1	:	3.6	3.7	0.8	2.5	:	1.9
Leather and leather products	:	:	0.9	4.8	1.7	:	:	3.6	0.0	1.9	:	2.1
Wood and wood products	2.1	:	0.8	2.5	2.1	0.0	2.3	3.8	0.4	2.1	:	1.2
Pulp, paper, publishing and printing	1.3	:	1.6	1.7	1.1	0.8	1.8	2.6	0.2	1.0	:	1.5
Coke, refined petroleum and nuclear fuel	:	:	0.0	0.0	0.1	:	:	:	0.0	:	:	:
Chemicals and chemical products	:	:	0.0	0.5	0.2	:	0.3	0.7	0.0	:	:	0.5
Rubber and plastic products	:	:	0.4	1.3	0.7	:	1.4	:	0.2	0.5	:	0.6
Other non-metallic mineral products	1.1	:	0.8	1.4	0.9	0.0	1.7	1.8	0.0	0.5	:	:
Basic metals and metal products	1.2	:	0.7	1.8	0.9	0.4	1.3	2.4	0.2	0.8	:	1.1
Machinery and equipment n.e.c.	:	:	0.3	1.5	0.6	:	1.3	2.6	0.1	0.5	:	2.4
Electrical and optical equipment	0.9	:	0.5	1.1	1.0	0.4	1.0	0.8	0.0	0.3	:	0.6
Transport equipment	:	:	0.4	0.7	0.3	:	0.9	0.9	0.1	0.3	:	0.7
Manufacturing n.e.c.	1.9	:	1.1	3.2	1.4	5.4	1.2	3.1	0.4	1.6	:	1.5
Electricity, gas and water supply	0.2	:	0.6	0.2	0.1	0.0	0.0	0.2	0.0	0.2	:	0.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

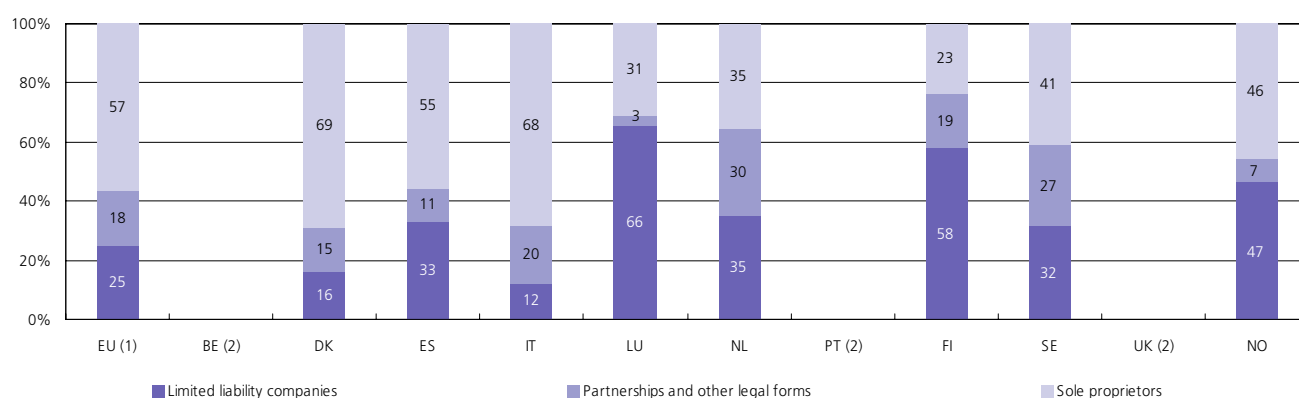
**Table 5.13: Number of persons employed in enterprises that died as a proportion of the total number of persons employed in active enterprises, services, 2000 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
Motor trades	2.5	:	2.1	2.7	2.4	1.7	3.4	2.4	0.7	1.9	:	0.8
Wholesale trade	3.3	:	2.0	3.2	4.0	2.7	3.6	4.3	0.5	2.2	:	1.2
Retail trade	3.9	:	3.8	4.8	3.8	2.7	3.3	3.2	0.7	2.8	:	1.2
Hotels and restaurants	4.0	:	4.2	5.2	2.5	4.4	5.1	2.9	1.2	2.9	:	1.8
Land transport	2.7	:	2.6	3.3	2.6	1.7	2.3	1.4	0.8	2.1	:	3.1
Water transport	:	:	0.9	:	1.0	:	4.5	:	0.1	1.2	:	1.1
Air transport	:	:	0.1	:	0.0	:	0.1	:	0.1	0.7	:	0.3
Auxiliary transport activities	1.3	:	1.0	1.4	1.0	1.0	2.7	1.8	0.3	1.2	:	0.7
Post and telecommunications	0.6	:	0.6	1.1	0.2	0.4	1.3	0.4	0.2	0.1	:	0.2
Financial intermediation	0.4	:	0.3	0.0	0.2	0.7	1.6	0.1	0.1	0.2	:	0.0
Insurance and pension funding	0.3	:	0.2	0.1	0.2	0.9	1.0	0.2	0.0	0.1	:	0.2
Auxiliary financial activities	6.1	:	1.1	5.6	6.9	0.8	7.0	5.3	0.8	1.6	:	1.5
Real estate activities	3.9	:	3.6	4.0	4.9	4.4	4.9	6.7	0.9	1.7	:	2.6
Renting	:	:	6.4	3.5	5.3	:	5.0	2.9	0.7	3.0	:	2.8
Computer and related activities	:	:	5.6	2.3	2.8	:	4.3	:	0.4	2.0	:	:
Research and development	:	:	3.2	3.3	5.2	:	1.9	:	0.1	0.6	:	:
Other business activities	3.3	:	4.3	2.9	4.2	1.3	2.9	3.7	0.7	2.7	:	2.4

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 5.8: Breakdown of the number of persons employed in enterprises that died by legal form, 2000**

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The incidence of enterprise deaths on employment, broken down by legal form is shown in Figure 5.8. The majority of jobs in the business economy were generally lost as a result of the closure of sole proprietorships, which is not surprising given that sole proprietorships accounted for the majority of enterprise births, deaths and active enterprises. In Luxembourg and Finland, there were more job losses among

limited liability companies in 2000<sup>(9)</sup>. A closer analysis of the data shows that job losses due to enterprise deaths were higher among limited liability companies within industry, while for the construction and services sectors more job losses resulted from the closure of sole proprietorships (see Table 5.14).

<sup>(9)</sup> Belgium, Portugal and the United Kingdom, not available.



## 5. ENTERPRISE DEATHS

**Table 5.14: Number of persons employed in enterprises that died, 2000 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Industry</b>												
Total	132 513	:	2 931	53 786	54 737	153	14 083	:	765	6 058	:	3 476
Limited liability companies	:	:	867	25 012	11 276	:	6 744	:	559	3 183	:	2 825
Partnerships and other legal forms	:	:	418	11 690	12 099	:	3 676	:	112	1 211	:	227
Sole proprietors	:	:	1 646	17 084	31 362	:	3 663	:	94	1 664	:	424
<b>Construction</b>												
Total	137 630	:	3 334	66 966	48 949	505	12 585	:	1 112	4 179	:	2 167
Limited liability companies	:	:	764	27 052	7 901	:	4 261	:	781	1 347	:	891
Partnerships and other legal forms	:	:	212	7 532	10 224	:	3 010	:	127	832	:	107
Sole proprietors	:	:	2 358	32 381	30 824	:	5 315	:	204	2 000	:	1 169
<b>Services</b>												
Total	678 804	:	25 265	249 079	249 036	2 800	114 987	:	3 958	33 679	:	13 626
Limited liability companies	148 689	:	3 354	70 586	23 343	1 758	38 170	:	2 044	9 434	:	5 263
Partnerships and other legal forms	120 319	:	4 164	22 810	46 802	108	35 607	:	841	9 987	:	1 104
Sole proprietors	409 796	:	17 747	155 683	178 891	934	41 210	:	1 073	14 258	:	7 259

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

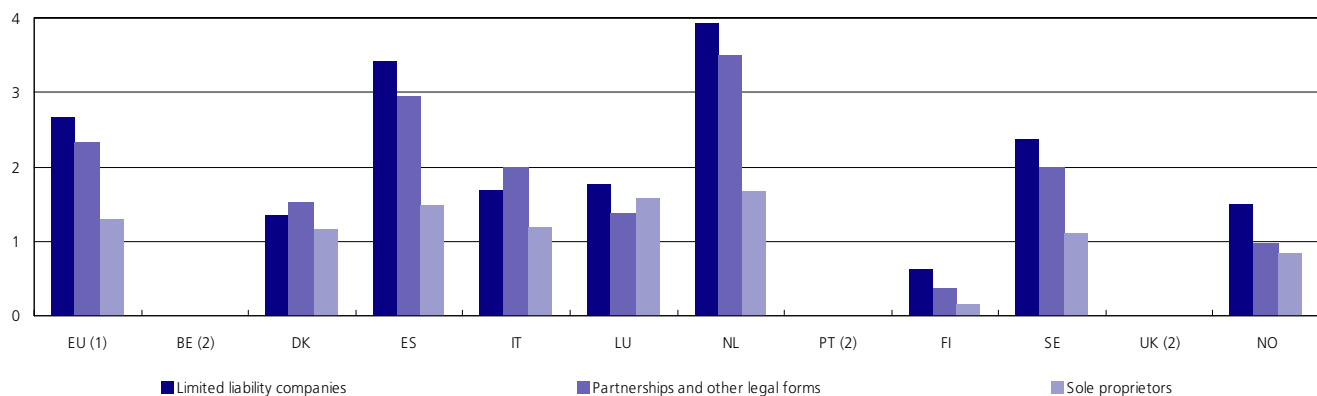
**Table 5.15: Average size (in terms of persons employed) of enterprises that died, 2000 (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Industry</b>												
Total	2.3	:	1.4	3.4	1.7	2.6	3.5	:	0.4	2.2	:	1.7
Limited liability companies	:	:	2.1	4.8	2.4	:	7.0	:	0.9	4.4	:	3.2
Partnerships and other legal forms	:	:	1.5	6.7	2.4	:	4.2	:	0.3	2.1	:	0.8
Sole proprietors	:	:	1.2	1.9	1.5	:	1.7	:	0.1	1.1	:	0.4
<b>Construction</b>												
Total	1.9	:	1.4	2.7	1.4	4.5	2.5	:	0.5	1.5	:	1.0
Limited liability companies	:	:	2.0	4.6	1.8	:	7.0	:	1.1	2.3	:	1.9
Partnerships and other legal forms	:	:	1.4	3.1	2.1	:	3.4	:	0.4	2.3	:	1.0
Sole proprietors	:	:	1.2	1.9	1.2	:	1.5	:	0.2	1.1	:	0.7
<b>Services</b>												
Total	1.5	:	1.2	1.7	1.3	1.5	2.5	:	0.3	1.5	:	1.0
Limited liability companies	2.3	:	1.2	2.8	1.4	1.5	3.5	:	0.5	2.1	:	1.1
Partnerships and other legal forms	2.2	:	1.5	2.3	1.9	1.4	3.4	:	0.4	2.0	:	1.0
Sole proprietors	1.2	:	1.2	1.4	1.1	1.5	1.7	:	0.2	1.1	:	0.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 5.9: Average size (in terms of persons employed) of enterprises that died, business economy, 2000 (units)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

In 2000, the average number of persons employed in enterprises that died was generally highest among limited liability companies<sup>(10)</sup>. This pattern was not repeated in Denmark or Italy, where the average size of partnerships and enterprises with other legal forms that died was larger. Luxembourg was the only country to report that the lowest average size for enterprise deaths was not registered among sole proprietorships - see Figure 5.9.

<sup>(10)</sup> Belgium, Portugal and the United Kingdom, not available.

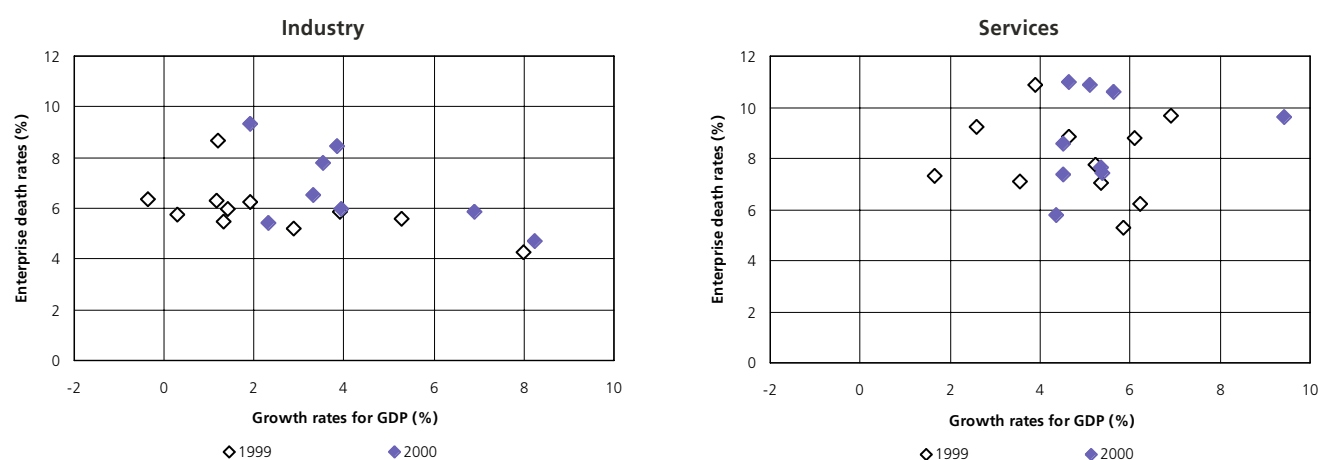
### 5.5: RELATIONSHIP WITH OTHER INDICATORS

Figure 5.10 shows a plot of death rates of industrial and services enterprises against GDP growth rates for 1999 and 2000. Note that the information that is presented in these scatterplots is based on a limited set of data that spans a very short period of time. In industry, the highest death rates were generally found in countries with low GDP growth rates, both in 1999 and 2000, while there was less of a clear pattern in the services sector.

Figure 5.11 shows that during the period 1997 to 2000, higher enterprise death rates were sometimes found in conjunction with relatively high unemployment rates. This pattern was most evident in Spain, Portugal and Sweden. However, for a number of other countries (Denmark, Italy, Luxembourg, the Netherlands and the United Kingdom), enterprise death rates fluctuated, while unemployment rates remained relatively stable. Finland was rather atypical, as there was no pattern to describe the development of unemployment rates and enterprise death rates in this country during the period 1997 to 2000 (11).

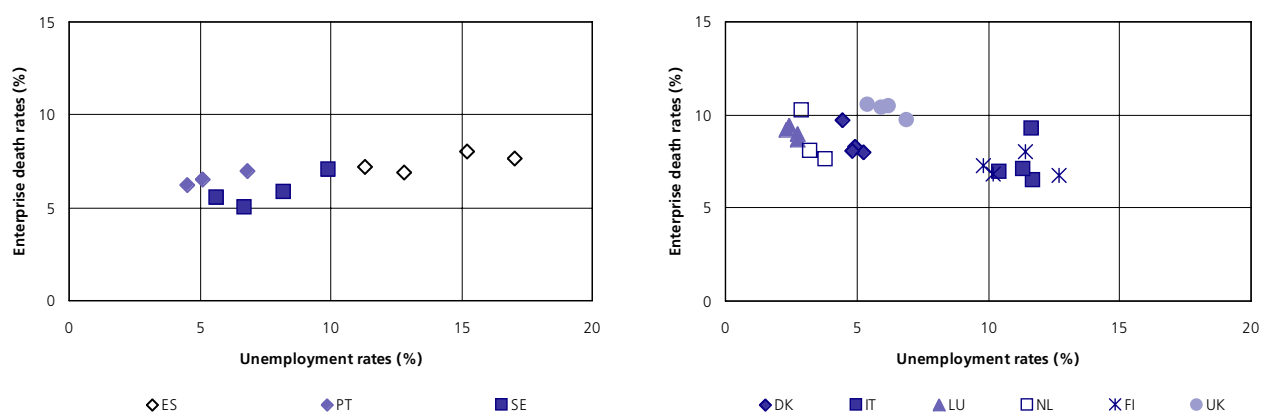
(11) Belgium and Norway, insufficient data.

Figure 5.10: Annual GDP growth rate (in constant prices) and enterprise death rates, for selected countries (%) (1)



(1) The plots represent the countries for which data are available; Belgium and Portugal, not available for 2000. Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

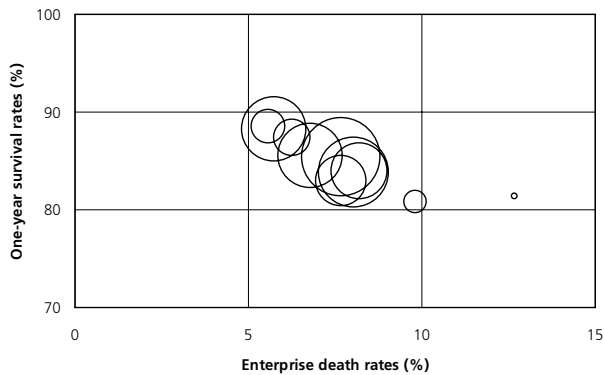
Figure 5.11: Enterprise death rates in the business economy and unemployment rates, for selected countries, 1997-2000 (%) (1)



(1) The plots represent the years for which data are available; Belgium and Norway, insufficient data available. Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 5. ENTERPRISE DEATHS

**Figure 5.12: Enterprise death rates and one-year survival rates, relative to the number of active enterprises (indicated by the size of the plot), for selected activities, EU, 2000 (%) (1)**



(1) The plots represent the activities for which data are available; data are presented for industry, construction, motor trades, wholesale trade, retail trade, hotels and restaurants, post and telecommunications, auxiliary financial activities, real estate activities and other business activities; EU average composed of data for Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 5.12 shows death rates and survival rates for a selection of activities in 2000, while introducing a third dimension (the number of active enterprises) as an indicator for the importance of each activity (shown by the size of each circle). As such, larger circles represent economic activities with a higher number of enterprises. Note that this does not necessarily imply that these activities have a considerable economic weight, as sectors with relatively few enterprises (that are characterised by monopolistic or oligopolistic markets) may account for a high share of total turnover, value added or employment within the business economy. Data for the EU aggregate show that for activities with relatively low death rates, the corresponding survival rates tended to be high. The results confirm that there appears to be a link between high death rates and low survival rates.

## 6. ACTIVITY FOCUS

This chapter of the publication focuses on four sectors, in an attempt to provide a more detailed analysis of business demography developments within selected economic activities. The four areas that are covered are:

- information and communications technologies (ICT);
- knowledge-intensive business services (KIBS);
- professional and operational services, and;
- retail trade.

### 6.1: INFORMATION AND COMMUNICATIONS TECHNOLOGY

For the purpose of this first subchapter, the information and communications technology sector (hereafter referred to as the ICT sector) is defined as:

- the manufacture of office machinery and computers (NACE Division 30);
- the manufacture of insulated wire and cable (NACE Group 31.3);
- the manufacture of radio, television and communication equipment and apparatus (NACE Division 32);
- the manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process equipment (NACE Group 33.2);
- the manufacture of industrial process equipment (NACE Group 33.3);
- the wholesale of electrical household appliances and radio and television goods (NACE Class 51.43);
- the wholesale of office machinery and computers (NACE Class 51.64);
- the wholesale of other machinery for use in industry, trade and navigation (NACE Class 51.65);
- telecommunications (NACE Group 64.2);
- the renting of office machinery and equipment, including computers (NACE Class 71.33), and;
- computer and related activities (NACE Division 72).

The activities that make-up the ICT sector are also aggregated into a number of subsectors for the purpose of analysis, such that information is presented for:

- ICT manufacturing, defined as NACE Division 30 + Group 31.3 + Division 32 + Group 33.2 + Group 33.3;
- ICT services, defined as NACE Class 51.43 + Class 51.64 + Class 51.65 + Group 64.2 + Class 71.33 + Division 72;
- ICT wholesale, defined as NACE Class 51.43 + Class 51.64 + Class 51.65, and;
- ICT consultancy, defined as NACE Class 71.33 + Division 72.

The ICT sector has been selected as the first of the sectoral studies because of its pivotal role in economic developments within many economies during the past decade. The ICT sector has become a major contributor to wealth creation in several EU economies, where the manufacture and provision of ICT services has grown at a rapid pace. Even in countries where the ICT sector is not particularly large in itself (relative to other economic activities), ICT plays an important role as a result of the benefits that arise from its use in other sectors of the economy. Investments in ICT are thought to induce productivity gains, reducing costs and raising efficiency, and hence ultimately making enterprises more competitive. The use of ICT also has the potential to enable enterprises to reach a wider market and can allow them to respond more quickly to customers' demands.

Table 6.1 provides a brief introduction to the ICT sector in terms of the relative importance of each of the subsectors. ICT services, and more precisely ICT consultancy, reported the highest proportion of active ICT enterprises in 2001. Indeed, ICT consultancy accounted for more than 50 % of enterprises in the ICT sector in every country for which data are available, with the exception of Portugal where there was a higher proportion of enterprises in the ICT wholesale sector (63.9 %). A similar breakdown in terms of persons employed shows that only the Netherlands and Portugal reported a higher proportion of persons employed in ICT wholesale activities than in ICT consultancy. Nevertheless, ICT consultancy accounted for a lower relative share of total ICT employment than its share of the number of enterprises, and never accounted for more than 50 % of total ICT employment.

## 6. ACTIVITY FOCUS

**Table 6.1: Main indicators for active enterprises, 2001 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Number of active enterprises: share of ICT total</i>												
ICT manufacturing	8.4	:	4.5	7.2	12.1	0.8	3.7	4.5	7.8	5.0	5.7	2.9
ICT services	91.6	:	95.5	92.8	87.9	99.2	96.3	95.5	92.2	95.0	94.3	97.1
ICT wholesale	27.2	:	26.2	40.1	18.0	45.1	37.2	63.9	34.5	27.5	9.5	36.1
Telecommunications	:	:	1.5	:	0.7	3.5	3.0	2.8	3.3	1.4	4.6	2.7
ICT consulting	:	:	67.8	:	69.1	50.6	56.0	28.8	54.4	66.2	80.2	58.3
<i>Turnover: share of ICT total</i>												
ICT manufacturing	22.3	:	11.2	16.8	19.2	2.4	12.5	:	56.1	34.4	:	15.5
ICT services	77.7	:	88.8	83.2	80.8	97.6	87.5	:	43.9	65.6	:	84.5
ICT wholesale	42.2	:	56.5	40.5	35.8	66.4	62.7	:	24.0	36.9	:	43.2
Telecommunications	:	:	14.0	:	23.3	17.1	7.6	:	11.5	9.3	:	20.5
ICT consulting	:	:	18.2	:	21.7	14.0	17.2	:	8.4	19.4	:	20.8
<i>Persons employed: share of ICT total</i>												
ICT manufacturing	21.3	:	16.1	15.2	24.3	12.4	16.2	19.9	36.7	25.6	:	18.9
ICT services	78.7	:	83.9	84.8	75.7	87.6	83.8	80.1	63.3	74.4	:	81.1
ICT wholesale	25.0	:	32.8	29.8	17.4	35.9	34.4	42.9	19.3	23.3	:	30.2
Telecommunications	:	:	16.2	:	14.1	7.3	15.1	20.0	15.7	10.6	:	12.8
ICT consulting	:	:	34.9	:	44.2	44.5	34.3	17.3	28.3	40.5	:	38.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 6.2: Enterprise births and deaths (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>ICT total</i>												
Number of enterprise births	1998	:	2 598	5 864	18 900	249	:	1 149	989	3 408	:	1 591
	1999	31 003	:	2 875	5 604	13 201	261	4 846	880	1 049	:	1 920
	2000	36 982	:	3 570	7 316	14 789	270	5 499	907	1 258	:	2 153
	2001	35 414	:	3 158	7 072	14 894	281	5 450	796	1 167	:	2 295
Number of enterprise deaths	1998	17 538	:	1 617	3 675	6 614	140	2 759	815	1 858	:	814
	1999	18 604	:	1 751	3 307	7 648	143	3 186	692	743	22 515	1 075
	2000	22 708	:	2 643	3 795	8 781	153	4 244	:	948	24 600	1 270
<i>ICT manufacturing</i>												
Number of enterprise births	1998	:	61	387	1 642	:	:	60	54	89	:	:
	1999	1 697	:	64	367	994	0	149	68	37	:	:
	2000	1 834	:	56	412	1 074	0	138	42	47	104	:
	2001	:	:	56	337	897	:	101	24	45	72	17
Number of enterprise deaths	1998	1 314	:	51	230	791	0	114	78	50	83	13
	1999	:	:	55	230	823	:	92	77	46	:	995
	2000	:	:	60	269	859	:	138	:	56	74	1 260
<i>ICT services</i>												
Number of enterprise births	1998	:	2 537	5 477	17 258	:	:	1 089	932	3 319	:	:
	1999	29 306	:	2 811	5 237	12 207	261	4 697	812	1 013	:	:
	2000	35 148	:	3 514	6 904	13 715	270	5 361	865	1 208	:	:
	2001	:	:	3 102	6 735	13 997	:	5 349	772	1 122	:	2 278
Number of enterprise deaths	1998	16 224	:	1 566	3 445	5 823	140	2 645	737	830	1 775	801
	1999	:	:	1 696	3 077	6 825	:	3 094	615	697	:	21 520
	2000	:	:	2 583	3 526	7 922	:	4 106	:	892	2 070	23 335
<i>ICT wholesale</i>												
Number of enterprise births	1998	:	420	1 647	1 818	117	:	541	210	553	:	:
	1999	5 618	:	460	1 529	1 569	111	1 275	362	195	479	:
	2000	:	:	411	1 776	1 814	:	1 145	395	192	553	:
	2001	5 606	:	372	1 645	1 741	80	1 070	357	180	518	329
Number of enterprise deaths	1998	4 763	:	450	1 050	1 057	85	1 144	342	286	691	261
	1999	:	:	415	884	1 211	:	1 207	305	219	:	1 265
	2000	4 967	:	471	1 032	1 165	68	1 377	:	247	607	1 170
<i>Telecommunications</i>												
Number of enterprise births	1998	:	124	33	:	184	:	49	48	40	1 305	44
	1999	:	162	34	:	165	:	315	34	37	50	1 570
	2000	:	186	83	:	267	16	290	43	53	100	1 535
	2001	:	:	84	:	213	:	336	31	37	88	57
Number of enterprise deaths	1998	:	44	12	:	72	3	93	20	30	23	885
	1999	:	79	19	:	60	4	137	17	22	19	1 035
	2000	:	:	51	:	111	:	162	:	21	24	1 160
<i>ICT consulting</i>												
Number of enterprise births	1998	:	1 510	2 084	:	15 256	:	499	672	2 726	24 065	1 143
	1999	:	1 569	2 317	:	10 473	126	3 107	416	785	2 551	18 275
	2000	:	2 026	3 020	:	11 634	:	3 926	427	968	3 523	17 575
	2001	:	:	2 646	:	12 043	:	3 943	384	905	2 714	1 892
Number of enterprise deaths	1998	:	675	1 104	:	4 694	:	1 408	375	532	1 061	13 800
	1999	:	901	1 262	:	5 554	56	1 750	295	456	1 207	19 220
	2000	:	:	2 061	:	6 646	77	2 567	:	624	1 439	21 010

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.3: Enterprise birth and death rates (%)

		EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>ICT manufacturing</i>													
Enterprise birth rates	1998	:	:	7.5	11.9	11.4	:	:	8.2	6.2	4.8	:	:
	1999	7.4	:	7.9	10.3	6.8	0.0	11.3	9.8	4.3	4.6	:	:
	2000	7.7	:	6.8	11.0	7.2	0.0	10.0	6.7	5.6	5.3	:	:
	2001	:	:	6.8	8.9	5.9	:	7.5	6.4	5.3	3.6	:	4.7
Enterprise death rates	1998	5.9	:	6.3	7.1	5.5	0.0	9.0	10.7	5.8	4.4	:	3.4
	1999	:	:	6.8	6.5	5.7	:	7.0	11.1	5.4	:	:	7.7
	2000	:	:	7.3	7.2	5.7	:	10.0	:	6.7	3.8	:	7.5
	2001	:	:	17.5	13.9	12.7	:	15.4	9.7	11.1	8.7	:	18.8
<i>ICT services</i>													
Enterprise birth rates	1998	:	:	19.2	13.7	20.8	:	:	12.2	9.9	10.7	:	:
	1999	13.2	:	19.2	12.7	13.2	18.1	15.5	9.0	10.5	9.3	:	:
	2000	14.4	:	20.8	15.2	13.5	17.2	16.4	9.4	11.8	11.5	:	:
	2001	:	:	17.5	13.9	12.7	:	15.4	9.7	11.1	8.7	:	18.8
Enterprise death rates	1998	7.9	:	11.9	8.6	7.0	10.6	9.5	8.3	8.8	5.7	:	9.1
	1999	:	:	11.6	7.4	7.4	:	10.2	6.8	7.2	:	:	10.3
	2000	:	:	15.3	7.7	7.8	:	12.6	:	8.7	5.7	:	11.1
	2001	:	:	8.7	8.7	9.7	16.3	:	9.7	5.0	4.9	:	:
<i>ICT wholesale</i>													
Enterprise birth rates	1998	:	:	8.7	8.7	9.7	16.3	:	9.7	5.0	4.9	:	:
	1999	7.6	:	9.4	7.8	8.0	15.0	9.2	6.4	4.8	4.3	:	:
	2000	:	:	8.3	8.6	8.7	:	8.4	7.0	4.8	4.9	:	:
	2001	7.2	:	7.7	7.8	7.7	10.3	8.0	6.7	4.8	4.7	:	7.3
Enterprise death rates	1998	6.6	:	9.3	5.5	5.7	11.8	8.5	6.1	6.8	6.1	:	5.9
	1999	:	:	8.5	4.5	6.2	:	8.7	5.4	5.4	:	:	6.9
	2000	6.5	:	9.5	5.0	5.6	9.0	10.1	:	6.1	5.4	:	6.1
	2001	:	:	29.3	:	23.5	:	30.5	13.3	10.2	16.0	:	17.0
<i>Telecommunications</i>													
Enterprise birth rates	1998	:	24.8	24.6	:	33.2	:	:	22.5	16.2	12.1	21.7	20.2
	1999	:	26.0	21.3	:	26.6	:	34.1	14.5	12.2	13.9	22.6	18.0
	2000	:	25.3	35.0	:	29.1	27.1	32.9	16.7	15.5	21.3	19.8	23.8
	2001	:	:	29.3	:	23.5	:	30.5	13.3	10.2	16.0	:	17.0
Enterprise death rates	1998	:	8.8	9.0	:	13.0	7.3	14.0	9.2	10.1	7.0	14.7	:
	1999	:	12.7	11.9	:	9.7	8.2	14.8	7.3	7.2	5.3	14.9	11.2
	2000	:	:	21.5	:	12.1	:	18.4	:	6.1	5.1	14.9	5.6
	2001	:	:	21.1	:	13.9	:	19.5	16.0	15.2	10.2	:	26.0
<i>ICT consulting</i>													
Enterprise birth rates	1998	:	17.5	25.3	:	23.9	:	:	15.9	13.6	14.1	18.9	27.4
	1999	:	16.4	24.1	:	14.5	19.7	20.0	13.3	14.9	11.8	13.2	:
	2000	:	18.8	25.7	:	14.6	:	21.6	13.2	16.7	14.2	12.0	27.9
	2001	:	:	21.1	:	13.9	:	19.5	16.0	15.2	10.2	:	26.0
Enterprise death rates	1998	:	7.8	13.4	:	7.4	:	10.2	12.0	10.7	5.5	10.8	:
	1999	:	9.4	13.1	:	7.7	8.8	11.3	9.4	8.7	5.6	13.9	13.4
	2000	:	:	17.5	:	8.3	10.6	14.1	:	10.8	5.8	14.4	15.1
	2001	:	:	21.1	:	13.9	:	19.5	16.0	15.2	10.2	:	26.0

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### Birth and death rates

The absolute number of enterprises in the ICT sector was growing at a rapid pace in the late 1990s. When summing data for seven of the EU Member States<sup>(1)</sup> the 18 604 enterprise deaths in the ICT sector in 1999 can be compared with almost double the number of births (31 003), while in 2000 there were 22 708 deaths and 36 982 births - see Table 6.2.

Within ICT services, the number of enterprise births exceeded the number of enterprise deaths in each of the seven countries for which data are available for both variables for one or more of the reference years during the period 1998 to 2000. This was not however the situation for ICT manufacturing, where there was a higher number of deaths than births in several countries; Denmark (2000), Portugal (1998 and 1999) and Finland (1999 and 2000).

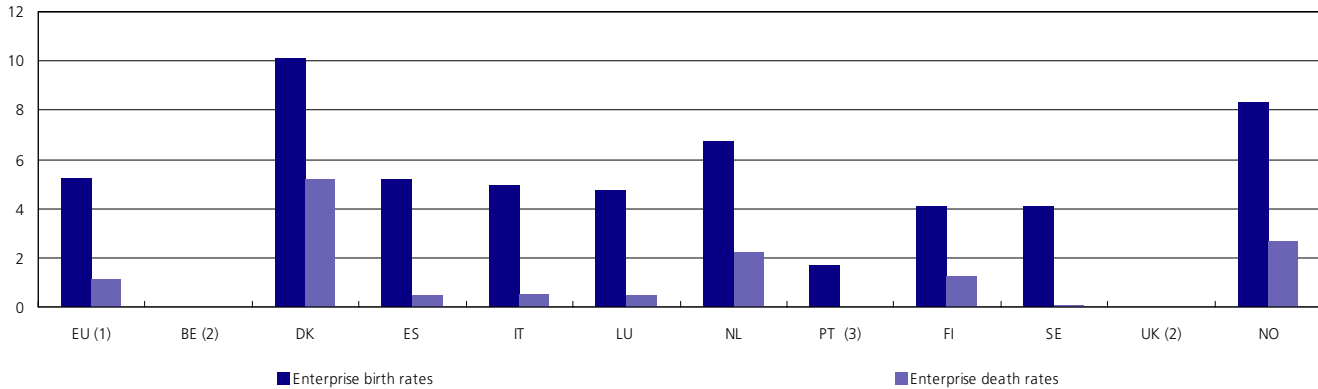
<sup>(1)</sup> Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

A more detailed analysis of the information for ICT services shows that the number of enterprise deaths also exceeded the number of births on several occasions within ICT wholesale activities: Denmark (2000), Portugal (1998 and 1999) and Finland (1999 and 2000). In the southern Member States of Spain, Italy and Portugal the number of births in the ICT wholesale sector consistently exceeded the number of deaths.

For ICT consultancy, the United Kingdom (1999 and 2000) was the only country to report a higher number of enterprise deaths than births, while for telecommunications every country (for which data are available) reported a higher number of births than deaths in each of the reference periods. Note that while the number of new entrants in the telecommunications sector was often more than twice the number of enterprise deaths, there were comparatively few births in this activity. Indeed, the majority of the net expansion in the number of ICT enterprises overall could be attributed to a rapid expansion in terms of enterprise creation within ICT consultancy.

## 6. ACTIVITY FOCUS

**Figure 6.1: Absolute difference between enterprise birth and death rates for the ICT sector and for the business economy average, 2000 (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

(3) Enterprise death rates, not available.

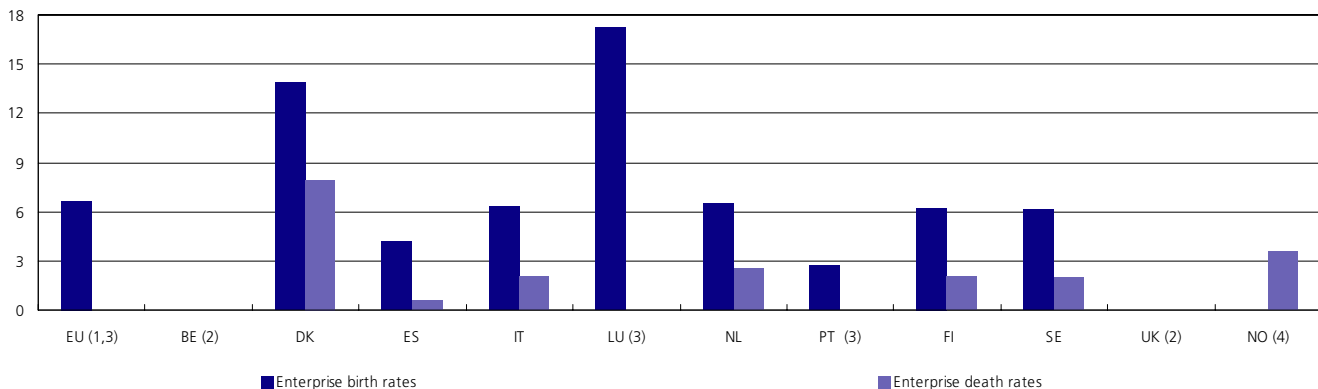
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.1 shows that the ICT sector consistently reported higher birth rates than the business economy average, ranging from 10.1 percentage points higher in Denmark to 1.7 points higher in Portugal in 2000, and averaging 5.2 points higher for the EU aggregate. On the other hand, death rates for the ICT sector were generally closer to business economy averages, and with the exception of Denmark (5.2 percentage points difference) were never more than 3 percentage points higher than the business economy average in the same year. The average difference between death rates for the EU aggregate was 1.1 percentage points in 2000.

Figure 6.2 shows that the relatively high birth rates in the ICT sector usually resulted from considerably higher enterprise creation rates within the ICT services sector<sup>(2)</sup>. Indeed, for the EU aggregate, there were 6.6 percentage points more enterprise births for ICT services than there were for ICT manufacturing in 2000.

<sup>(2)</sup> Note: there were no births in the ICT manufacturing sector in Luxembourg in 2000 and hence the difference of 17.2 percentage points is the enterprise birth rate for ICT services.

**Figure 6.2: Absolute difference between enterprise birth and death rates in ICT services and for ICT manufacturing, 2000 (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

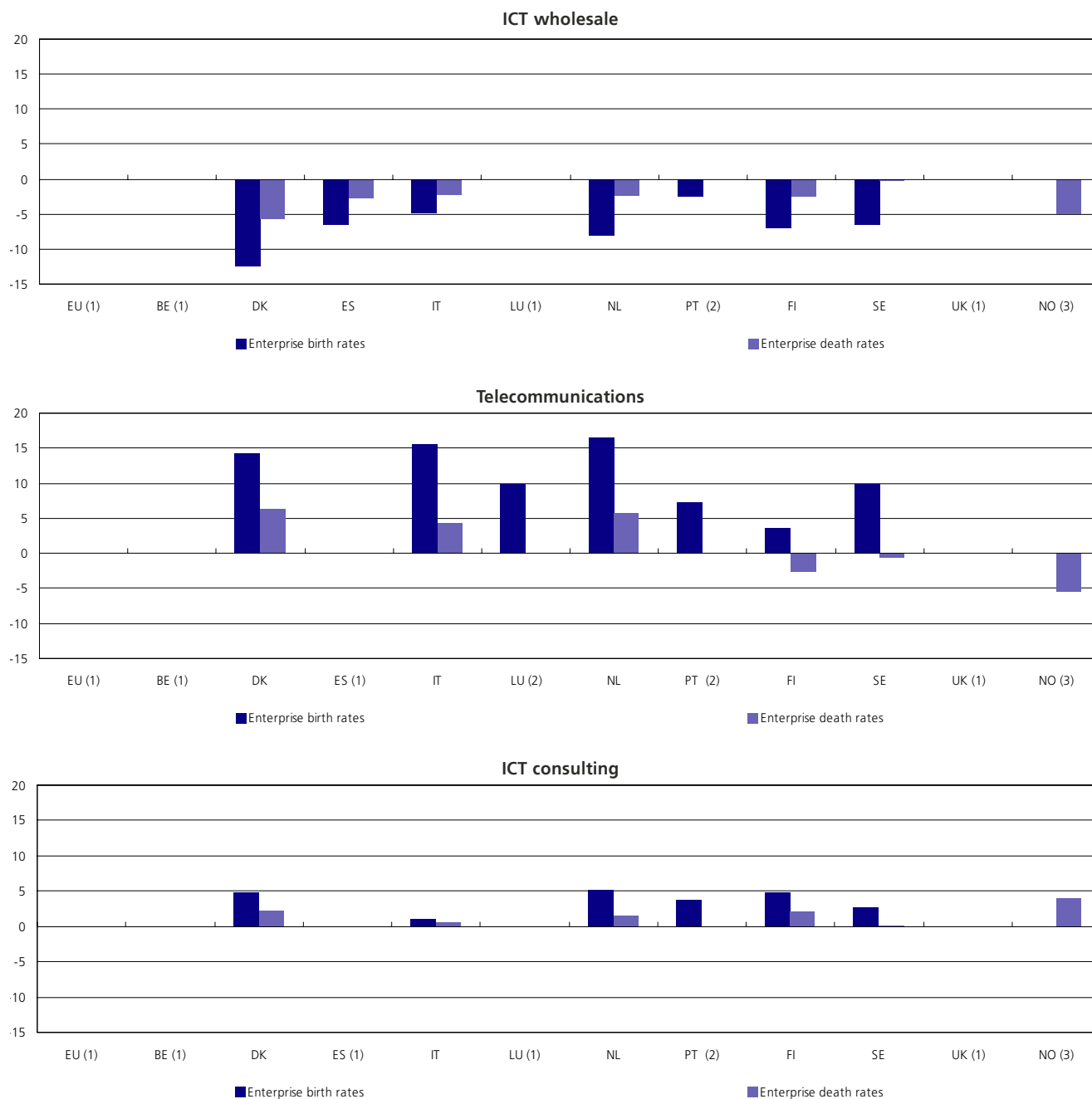
(2) Not available.

(3) Enterprise death rates, not available.

(4) Enterprise birth rates, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.3: Absolute difference between enterprise birth and death rates for ICT services subsectors and for ICT services, 2000 (percentage points)



(1) Not available.

(2) Enterprise death rates, not available.

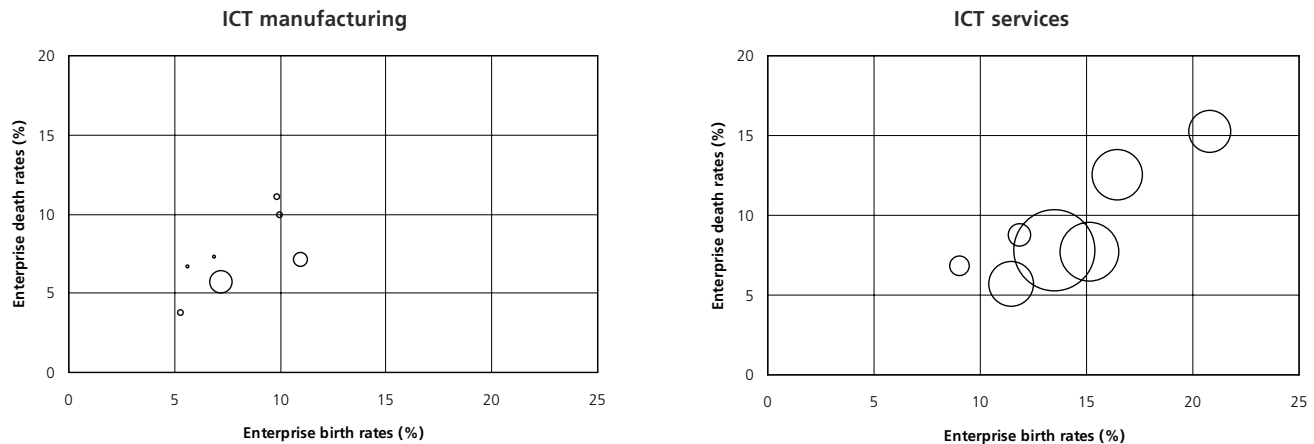
(3) Enterprise birth rates, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.3 is composed of three separate graphs that present the difference in birth and death rates between the ICT services average and its constituent parts. For each country, the ICT wholesale sector reported far lower birth and death rates than either telecommunications or ICT consultancy.



**Figure 6.4: Enterprise birth and death rates, relative to the number of newly born enterprises (indicated by the size of the plot), for selected countries, 2000 (%) (1)**



(1) The circles represent the countries for which data are available; Portugal, 1999; Belgium, Luxembourg, the United Kingdom and Norway, not available.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

While cross-country differences in enterprise birth rates for the whole business economy were, on average, rather small, ranging between 6.6 % (Sweden) and 12.2 % (Luxembourg) in 2001<sup>(3)</sup>, the same was not true for all ICT sectors, in particular for telecommunications and ICT consultancy. Birth rates for telecommunications ranged between 10.2 % (Finland) and 30.5 % (the Netherlands) in 2001, while for ICT consultancy they ranged between 10.2 % (Sweden) and 26.0 % (Norway). On the other hand, in ICT manufacturing and wholesale sectors, enterprise birth and death rates tended to be relatively close to business economy averages. Birth rates for ICT manufacturing ranged from a low of 3.6 % in Sweden in 2001 to a high of 8.9 % in Spain<sup>(4)</sup>. A similar picture was observed for ICT wholesale activities, where birth rates ranged from 4.7 % in Sweden to 10.3 % in Luxembourg<sup>(5)</sup>.

Cross-country differences observed for enterprise birth rates in the ICT sector were generally lower than the differences observed between activities within the same country. This suggests that technological factors and other barriers to entry, product life cycles, or the maturity of economic activities are important determinants of birth rates. Nevertheless, within the most rapidly expanding ICT services (telecommunications and ICT consultancy) it was common to find much greater variations in enterprise birth rates between countries, suggesting that country specific factors also play an important role especially in encouraging entrepreneurs to move into new, dynamic sectors of the economy.

<sup>(3)</sup> Belgium and the United Kingdom, not available.

<sup>(4)</sup> Belgium, Luxembourg and the United Kingdom, not available.

<sup>(5)</sup> Belgium and the United Kingdom, not available.

Figure 6.4 plots birth rates and death rates for ICT manufacturing and services in relation to the absolute number of enterprise births (shown by the size of each plot). Higher birth rates were generally accompanied by higher death rates. This trend of more dynamic or volatile enterprise populations may be associated with relatively new, dynamic industries, where higher enterprise replacement rates could be the result of innovation and technology changes, with new enterprises driving out and replacing less efficient and unproductive enterprises, or alternatively it could result from a low survival rate among newly-born enterprises. Another explanation for the relatively high birth rates that are found in some ICT services may be found in product life cycle literature. This suggests that there should be high entry rates in relatively new industries, as new entrants seek to benefit from the introduction of new goods/services before equilibrium is reached in the marketplace. Later in the cycle, as industries become more mature (for example, ICT wholesale or manufacturing), birth rates become lower and eventually at the end of the cycle there are more enterprise deaths than births, as the industry contracts.

Table 6.4 confirms that enterprise birth rates were considerably higher the smaller the average size of the enterprise, such that birth rates for enterprises with no employees were often in the range of 25 % to 33 % for telecommunications and ICT consultancy. At the other end of the range, birth rates for large enterprises with 20 or more employees were also relatively high within the activities of telecommunications and ICT consultancy (note that there were no large enterprises born in the ICT sector in Finland in 2001). Data for death rates (for 2000) shows that relatively high death rates tended to be found in the same activities and size-classes as those that reported above average birth rates (see Table 6.5).

Table 6.4: Enterprise birth rates by size-class, 2001 (%)

	EU (1,2)	BE (3)	DK	ES	IT	LU	NL	PT (2,4)	FI	SE	UK (3)	NO
<i>ICT manufacturing</i>												
Total	7.7	:	6.8	8.9	5.9	:	7.5	6.7	5.3	3.6	:	4.7
0 employees	11.4	:	9.0	16.4	8.3	:	10.0	7.7	8.8	5.8	:	5.9
1-4 employees	5.6	:	11.0	6.5	4.3	:	9.3	8.1	6.4	:	:	:
5-9 employees	:	:	2.9	3.6	1.8	:	7.1	5.8	1.1	:	:	:
10-19 employees	:	:	0.0	3.9	1.2	:	2.6	7.5	0.0	0.0	:	0.0
20+ employees	0.4	:	0.0	0.8	0.4	0.0	0.9	1.1	0.0	0.0	:	:
<i>ICT services</i>												
Total	14.4	:	17.5	13.9	12.7	:	15.4	9.4	11.1	8.7	:	18.8
0 employees	19.1	:	21.6	21.4	17.3	:	23.1	16.1	18.6	10.8	:	31.5
1-4 employees	9.5	:	12.9	9.5	4.6	:	12.4	11.0	4.5	:	:	:
5-9 employees	:	:	4.6	5.3	1.7	:	5.1	3.0	1.4	:	:	:
10-19 employees	:	:	4.7	3.2	1.5	:	5.8	1.9	0.8	1.1	:	2.6
20+ employees	0.8	:	1.2	0.8	0.7	0.0	1.4	0.2	0.0	0.7	:	:
<i>ICT wholesale</i>												
Total	12.2	:	7.7	7.8	7.7	10.3	8.0	7.0	4.8	4.7	:	7.3
0 employees	5.6	:	11.8	15.3	12.7	19.4	13.8	9.2	9.5	6.7	:	14.3
1-4 employees	1.7	:	7.0	6.4	3.5	7.5	7.8	10.0	3.0	4.3	:	7.1
5-9 employees	:	:	1.3	2.6	0.6	0.0	2.6	1.4	0.4	0.9	:	1.4
10-19 employees	:	:	1.7	:	0.8	0.0	3.0	1.5	0.0	:	:	:
20+ employees	:	:	0.5	:	0.3	0.0	0.4	0.0	0.0	:	:	:
<i>Telecommunications</i>												
Total	:	25.3	29.3	:	23.5	:	30.5	16.7	10.2	16.0	19.8	17.0
0 employees	:	31.8	36.9	:	29.3	17.4	40.4	38.8	19.3	21.0	21.3	26.9
1-4 employees	:	23.2	42.2	:	17.8	:	27.7	19.1	5.4	:	20.9	:
5-9 employees	:	19.6	19.2	:	7.1	:	18.0	0.0	5.3	:	15.0	:
10-19 employees	:	:	13.6	:	3.8	:	20.0	10.5	0.0	:	13.6	:
20+ employees	:	:	4.4	:	3.7	0.0	9.9	0.0	0.0	:	6.5	:
<i>ICT consulting</i>												
Total	:	18.8	21.1	:	13.9	:	19.5	13.2	15.2	10.2	12.0	26.0
0 employees	:	:	23.5	:	18.1	:	25.8	18.2	22.3	11.8	14.4	36.9
1-4 employees	:	:	16.4	:	4.9	:	15.1	12.3	5.9	8.2	12.0	15.4
5-9 employees	:	:	8.0	:	2.2	:	8.0	9.1	2.7	5.8	12.0	8.2
10-19 employees	:	:	7.8	:	1.9	:	9.7	2.5	1.7	1.8	10.7	4.3
20+ employees	:	:	1.8	:	0.7	0.0	1.8	0.9	0.0	0.5	1.9	2.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) 2000 for ICT manufacturing and ICT services, except for 20+ employees.

(3) 2000.

(4) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.5: Enterprise death rates by size-class, 2000 (%)

	EU (1)	BE (2)	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>ICT manufacturing</i>												
Total	5.9	:	7.3	7.2	5.7	:	10.0	11.1	6.7	3.8	:	7.5
0 employees	9.7	:	12.8	13.1	8.7	0.0	16.3	16.3	15.2	6.3	:	12.1
1-4 employees	:	:	5.6	5.4	2.4	:	8.5	11.2	3.1	1.3	:	:
5-9 employees	:	:	0.0	1.5	1.4	:	3.6	3.9	1.1	:	:	:
10-19 employees	:	:	0.0	3.5	0.2	:	3.4	2.2	0.0	:	:	:
20+ employees	:	:	0.0	0.4	0.1	:	2.5	0.0	0.0	:	:	:
<i>ICT services</i>												
Total	7.9	:	15.3	7.7	7.8	:	12.6	6.8	8.7	5.7	:	11.1
0 employees	12.3	:	20.3	12.1	11.0	15.0	19.2	13.6	15.5	7.9	:	22.7
1-4 employees	:	:	6.5	5.4	1.5	:	9.4	6.7	2.2	2.4	:	:
5-9 employees	:	:	3.4	2.0	0.5	:	3.9	3.4	1.1	:	:	:
10-19 employees	:	:	2.3	1.3	0.4	:	5.6	2.7	0.6	:	:	:
20+ employees	:	:	0.9	0.6	0.4	:	3.8	1.0	0.0	:	:	:
<i>ICT wholesale</i>												
Total	6.5	:	9.5	5.0	5.6	9.0	10.1	5.4	6.1	5.4	:	6.1
0 employees	11.2	:	16.5	8.9	9.7	13.5	18.0	11.2	13.2	9.0	:	14.8
1-4 employees	:	:	5.6	4.7	1.6	:	8.8	6.2	2.4	:	:	:
5-9 employees	:	:	2.3	1.9	0.5	:	3.5	3.6	0.8	:	:	:
10-19 employees	:	:	1.2	:	0.6	:	5.2	2.1	0.7	:	:	:
20+ employees	:	:	0.5	:	0.0	:	2.2	0.3	0.0	:	:	:
<i>Telecommunications</i>												
Total	:	12.7	21.5	:	12.1	:	18.4	7.3	6.1	5.1	14.9	5.6
0 employees	:	17.2	35.2	:	16.8	:	26.0	16.2	11.4	8.0	17.5	14.3
1-4 employees	:	:	10.8	:	4.0	0.0	15.2	9.3	4.1	:	15.4	4.0
5-9 employees	:	0.0	11.8	:	7.1	:	2.4	0.0	4.5	0.0	11.0	0.0
10-19 employees	:	:	0.0	:	0.0	0.0	0.0	0.0	0.0	:	7.6	0.0
20+ employees	:	0.0	0.0	:	0.0	0.0	12.2	2.4	0.0	0.0	6.5	0.0
<i>ICT consulting</i>												
Total	:	9.4	17.5	:	8.3	10.6	14.1	9.4	10.8	5.8	14.4	15.1
0 employees	:	11.5	21.0	:	11.1	:	19.5	14.7	16.7	7.6	23.3	25.5
1-4 employees	:	4.9	7.2	:	1.5	:	9.6	7.5	2.0	2.3	14.0	6.4
5-9 employees	:	:	4.7	:	0.5	:	8.0	3.8	1.3	1.3	9.7	:
10-19 employees	:	:	3.9	:	0.4	:	6.2	5.9	0.5	:	9.1	:
20+ employees	:	:	1.5	:	0.6	0.0	4.8	3.1	0.0	:	3.8	:

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; 1998 for ICT manufacturing and ICT services totals.

(2) 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 6. ACTIVITY FOCUS

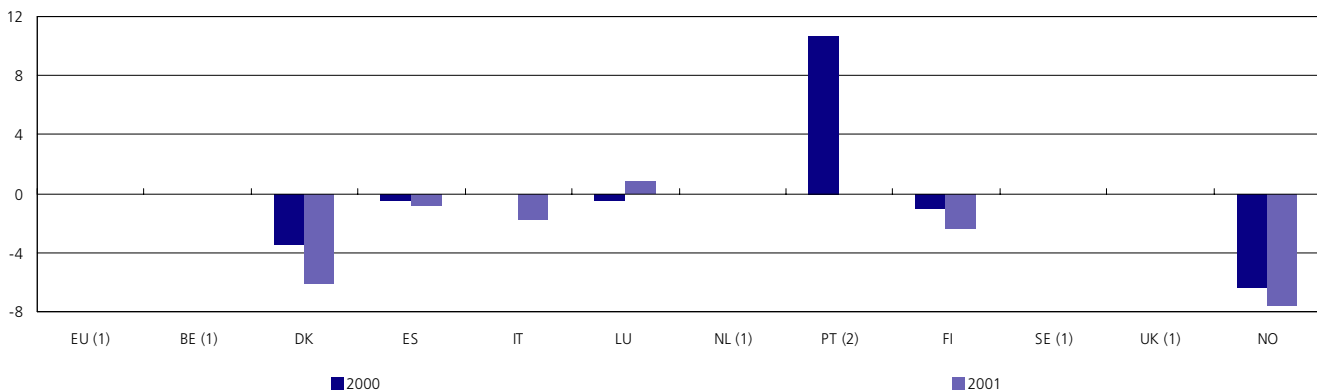
**Table 6.6: Enterprise birth rates by legal form, 2001 (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>ICT manufacturing</i>												
Total	:	:	6.8	8.9	5.9	:	7.5	6.4	5.3	3.6	:	4.7
Limited liability companies	:	:	5.6	6.7	7.4	:	7.9	6.0	3.6	2.4	:	:
Partnerships and other legal forms	4.3	:	21.1	11.7	3.0	:	8.4	18.2	12.2	3.6	:	0.0
Sole proprietors	7.1	:	6.7	13.1	6.2	:	6.6	:	9.2	6.7	:	:
<i>ICT services</i>												
Total	:	:	17.5	13.9	12.7	:	15.4	9.7	11.1	8.7	:	18.8
Limited liability companies	:	:	11.8	11.9	10.8	:	10.7	9.7	6.4	5.7	:	:
Partnerships and other legal forms	8.7	:	24.2	17.7	5.4	19.0	19.0	11.9	14.5	7.8	:	28.7
Sole proprietors	18.6	:	20.3	16.9	19.7	17.4	20.5	:	26.1	13.1	:	:
<i>ICT wholesale</i>												
Total	7.2	:	7.7	7.8	7.7	10.3	8.0	6.7	4.8	4.7	:	7.3
Limited liability companies	:	:	5.9	7.5	8.5	:	6.1	6.6	4.0	3.3	:	:
Partnerships and other legal forms	:	:	13.3	11.5	3.0	:	10.5	18.5	8.0	6.4	:	12.6
Sole proprietors	:	:	9.5	8.5	11.1	:	11.1	:	9.3	8.3	:	:
<i>Telecommunications</i>												
Total	:	:	29.3	:	23.5	:	30.5	13.3	10.2	16.0	:	17.0
Limited liability companies	:	:	22.0	:	24.9	:	27.1	15.5	6.0	14.2	:	14.8
Partnerships and other legal forms	:	:	25.0	:	14.8	:	32.4	0.0	12.5	19.5	:	18.4
Sole proprietors	:	:	45.8	:	25.7	:	34.2	:	24.6	20.5	:	28.6
<i>ICT consulting</i>												
Total	:	:	21.1	:	13.9	:	19.5	16.0	15.2	10.2	:	26.0
Limited liability companies	:	:	16.2	:	11.5	:	14.1	16.0	8.5	7.0	:	13.7
Partnerships and other legal forms	:	:	27.4	:	5.9	30.8	23.2	12.9	19.2	8.1	:	37.2
Sole proprietors	:	:	22.3	:	20.9	20.6	23.6	:	28.6	14.0	:	38.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.5: Absolute difference between the proportion of enterprises born in 1998 and surviving to 2000 or 2001 for the ICT sector and for the business economy average (percentage points)**



(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

A breakdown of the information on birth rates according to the legal form of the newly born enterprise is shown in Table 6.6. Within the ICT services sector, the highest birth rates tended to be recorded among sole proprietors (personally owned enterprises), whereas partnerships and other legal forms usually had the highest rates in ICT manufacturing.

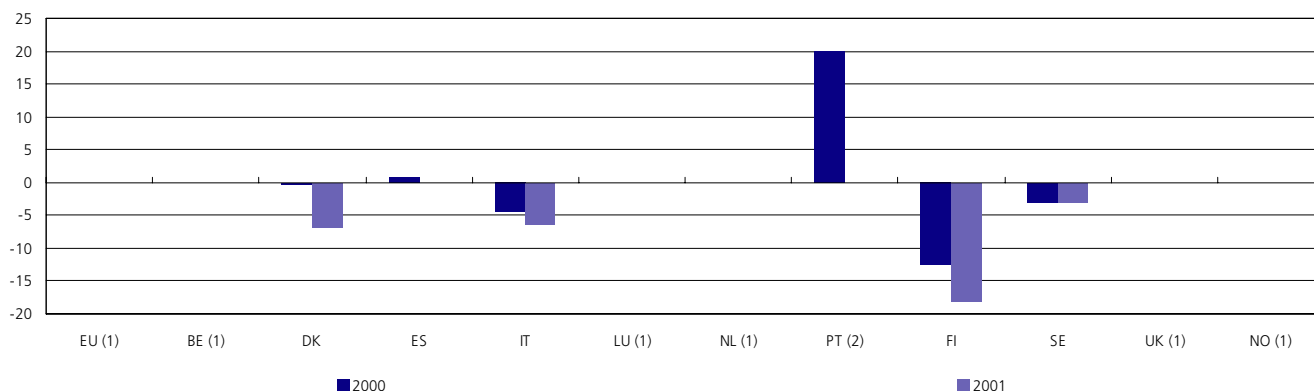
### Survival rates

Figure 6.5 shows that two-year survival rates for enterprises born in 1998 were almost always inferior in the ICT sector to averages recorded for the whole of the business economy; the only countries where this was not the case were Portugal (2000) and Luxembourg (2001) <sup>(6)</sup>. Information for three-year survival rates (again for the 1998 cohort of enterprises) shows a similar pattern, as rates in the ICT sector ranged between 0.8 percentage points lower than the business economy average (Spain) to 7.6 points lower (Norway) <sup>(7)</sup>.

<sup>(6)</sup> Belgium, the Netherlands, Sweden and United Kingdom, not available.

<sup>(7)</sup> Belgium, Luxembourg, the Netherlands, Portugal, Sweden and United Kingdom, not available.

**Figure 6.6: Absolute difference between the proportion of enterprises born in 1998 and surviving to 2000 and 2001 for ICT services and for ICT manufacturing (percentage points)**



(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 6.7: Enterprise births in 1998 and survival rates**

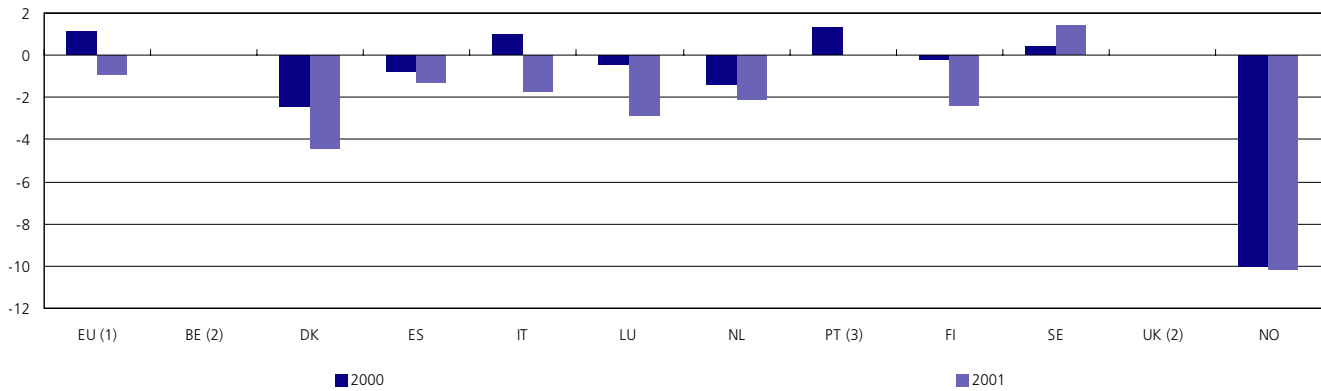
	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>ICT manufacturing</i>												
Number of enterprises born in 1998 (units)	:	:	61	387	1 642	:	:	60	54	89	:	:
Survival rate after one year (%)	:	:	80	84	86	:	:	93	91	100	:	:
Survival rate after two years (%)	:	:	61	68	75	:	:	63	80	92	:	:
Survival rate after three years (%)	:	:	54	61	67	:	:	:	74	82	:	:
<i>ICT services</i>												
Number of enterprises born in 1998 (units)	:	:	2 537	5 477	17 258	:	:	1 089	932	3 319	:	:
Survival rate after one year (%)	:	:	79	82	84	:	:	98	80	98	:	:
Survival rate after two years (%)	:	:	60	69	71	:	:	83	67	89	:	:
Survival rate after three years (%)	:	:	47	61	60	:	:	:	56	79	:	:
<i>ICT wholesale</i>												
Number of enterprises born in 1998 (units)	:	:	420	1 647	1 818	117	:	541	210	553	:	:
Survival rate after one year (%)	:	:	75	89	84	90	:	99	80	97	:	:
Survival rate after two years (%)	:	:	59	78	74	74	:	89	69	87	:	:
Survival rate after three years (%)	:	:	47	72	66	66	:	:	58	76	:	:
<i>Telecommunications</i>												
Number of enterprises born in 1998 (units)	:	124	33	:	184	:	:	49	48	40	1 305	44
Survival rate after one year (%)	:	:	76	:	74	:	:	98	69	93	90	82
Survival rate after two years (%)	:	:	55	:	64	:	:	84	54	78	74	64
Survival rate after three years (%)	:	:	42	:	52	:	:	:	44	63	:	75
<i>ICT consulting</i>												
Number of enterprises born in 1998 (units)	:	1 510	2 084	:	15 256	:	:	499	672	2 726	24 065	1 143
Survival rate after one year (%)	:	:	79	:	84	:	:	97	82	98	95	80
Survival rate after two years (%)	:	:	61	:	71	:	:	77	67	90	84	68
Survival rate after three years (%)	:	:	48	:	59	:	:	:	57	80	:	57

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

A similar exercise looking at the breakdown of two-year survival rates for the 1998 cohort of newly born enterprises between ICT manufacturing and ICT services shows a comparable pattern, with survival rates for ICT manufacturing higher than those for ICT services; again with the exception of Portugal (2000), as well as Spain (also 2000) - see Figure 6.6.

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**Figure 6.7: Absolute difference between the proportion of enterprises born in 1999 and surviving to 2000 or 2001 for the ICT sector and for the business economy average (percentage points)**



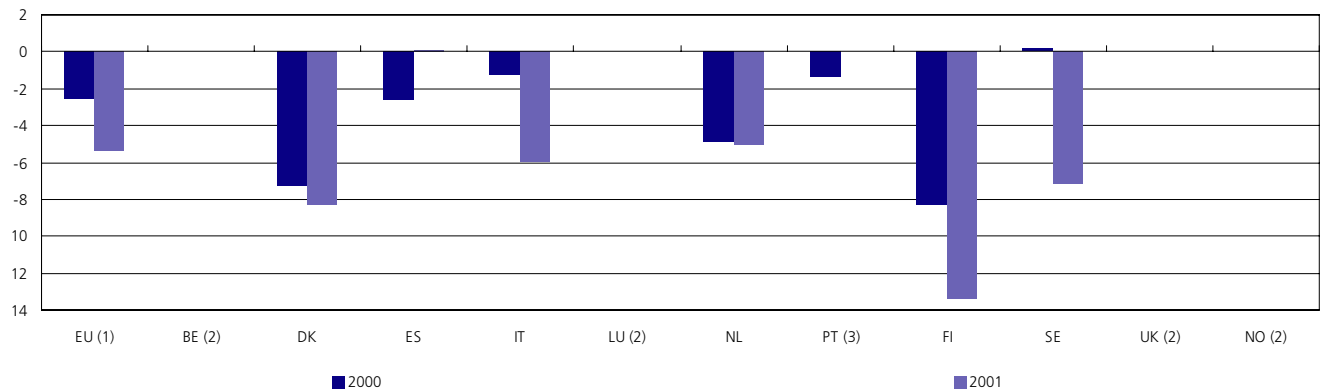
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

(3) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.8: Absolute difference between the proportion of enterprises born in 1999 and surviving to 2000 or 2001 for ICT services and for ICT manufacturing (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

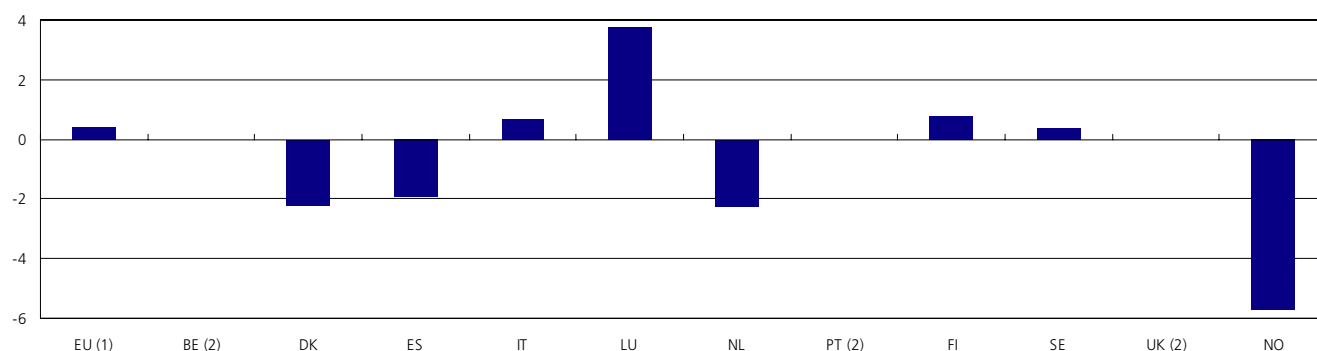
(2) Not available.

(3) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figures 6.7 to 6.10 provide a similar analysis to that shown in Figures 6.5 and 6.6, but for the cohorts of enterprises that were newly born in 1999 and 2000. The results show that Italy and Sweden often joined Portugal as exceptions.

**Figure 6.9: Absolute difference between the proportion of enterprises born in 2000 and surviving to 2001 for the ICT sector and for the business economy average (percentage points)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.10: Absolute difference between the proportion of enterprises born in 2000 and surviving to 2001 for ICT services and for ICT manufacturing (percentage points)**



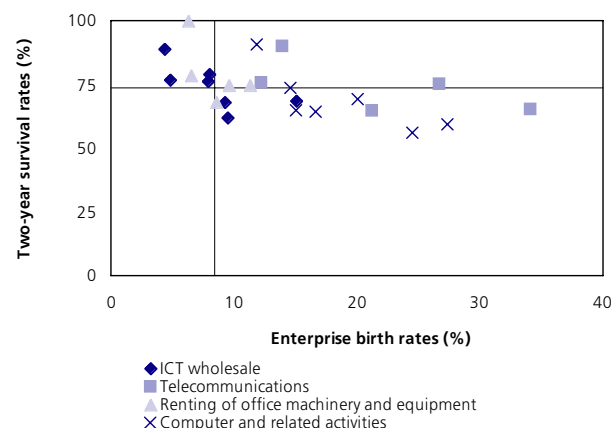
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.11 presents a plot of birth rates against two-year survival rates for the cohort of enterprises that were born in 1998. The axes on the graph are represented by the average birth and survival rates for the whole of the business economy for the EU aggregate made from data for seven of the Member States. The figure clearly shows the difference in rates between ICT manufacturing and ICT wholesale on the one hand, and ICT consultancy and telecommunications on the other, with birth rates particularly high in the latter two activities.

**Figure 6.11: Enterprise birth rates in 1999 and two-year survival rates to 2001, ICT services, for selected countries (%) (1)**



(1) The plots represent the countries and activities for which data are available; data are presented for Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland, Sweden and Norway; axes are set as the business economy average for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.8: Enterprise birth rates and one-year survival rates (%)

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Business economy</b>												
<i>Enterprise birth rates</i>												
1998	:	8.5	10.1	9.7	11.4	13.2	:	9.5	8.5	:	9.1	12.3
1999	8.4	:	10.9	9.6	7.6	13.4	9.6	8.0	7.6	6.3	9.6	11.4
2000	8.5	7.0	10.0	9.7	7.8	12.4	9.4	7.6	7.3	7.0	8.9	10.3
2001	8.3	:	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	:	10.1
<i>One-year survival rates</i>												
1999	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
2000	85.2	:	79.7	80.6	88.4	89.3	84.6	95.9	84.2	98.7	93.4	82.6
2001	86.1	:	80.6	82.0	88.9	88.8	84.7	:	85.2	98.3	:	78.9
<b>ICT sector</b>												
<i>Enterprise birth rates</i>												
1998	:	:	18.5	13.5	19.4	18.6	:	11.9	9.6	10.4	:	17.3
1999	12.6	:	18.6	12.5	12.4	17.9	15.3	9.1	10.0	9.0	:	18.2
2000	13.8	:	20.1	14.8	12.7	17.1	16.2	9.3	11.4	11.1	:	18.6
2001	12.4	:	17.0	13.5	11.9	16.4	15.1	9.5	10.6	8.4	:	18.4
<i>One-year survival rates</i>												
1999	:	:	78.6	82.5	84.5	90.0	:	97.5	80.7	97.9	:	81.6
2000	86.4	:	77.3	79.8	89.4	88.9	83.2	97.3	84.0	99.1	:	72.6
2001	86.5	:	78.3	80.1	89.6	92.6	82.5	:	85.9	98.6	:	73.2

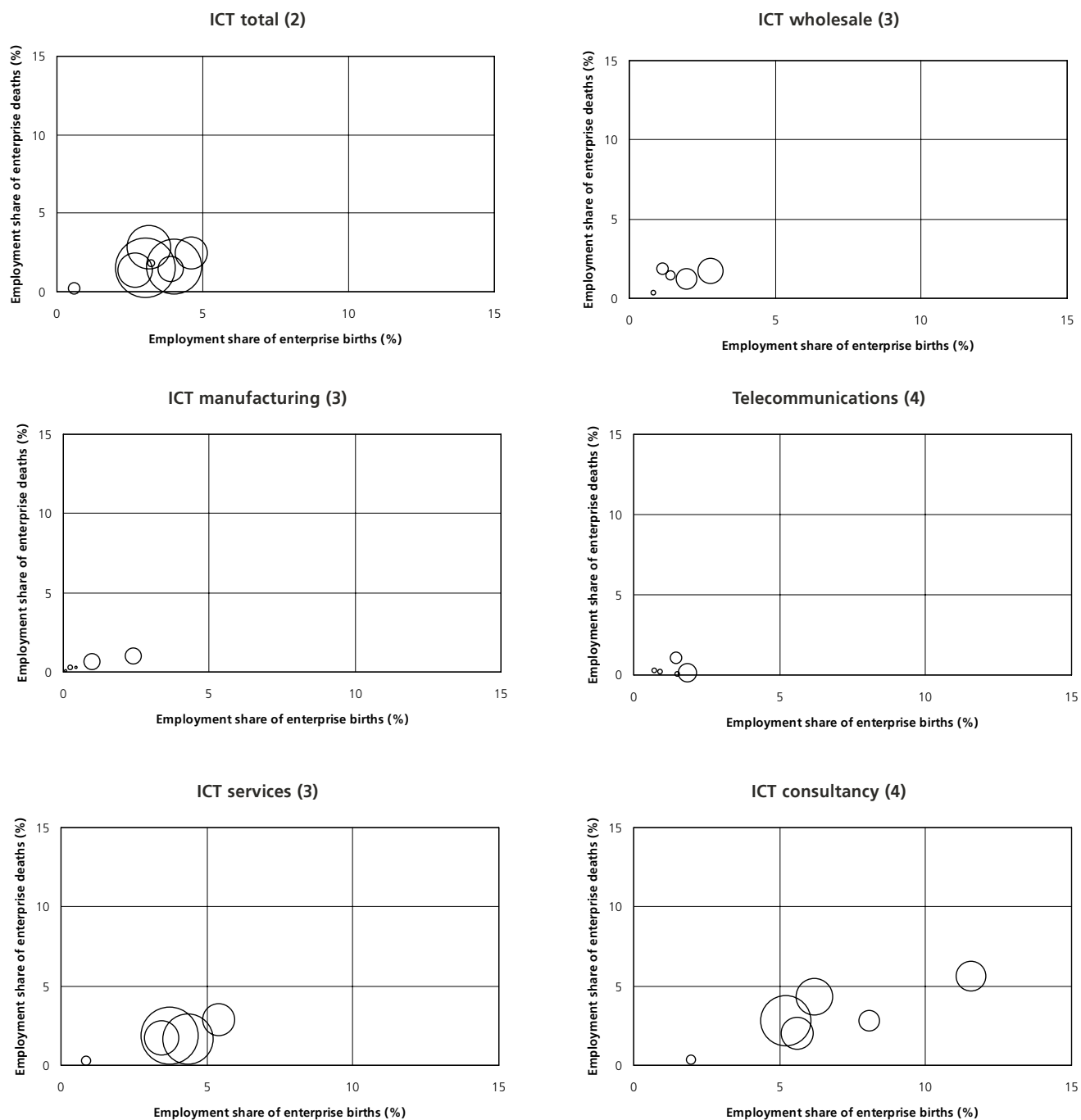
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.8 shows that while birth rates for the whole of the business economy generally rose by a marginal amount between 1999 and 2000, the increase was somewhat larger within the ICT sector. Birth rates in the ICT sector then fell in eight of the nine countries for which data are available between 2000 and 2001 (often by quite a large amount), while they also fell for eight of the nine countries for which data are available for the whole of the business economy (usually by a lower amount). While birth rates slowed in 2001 (perhaps as a result of the economic slowdown and the crash in technology sectors), one-year survival rates were generally higher in 2001 than they were in 2000. This pattern was reproduced in both the business economy and the ICT sector. As such, the development of birth and survival rates in the ICT sector followed closely the evolution observed for the whole of the business economy, albeit with considerably higher birth rates and somewhat lower survival rates and greater fluctuations from one year to the next.

### **Changes in employment as a result of enterprise demographics**

Perhaps one of the most important ways of studying the effect of demographic changes is to look at their effect on employment levels. Figure 6.12 presents a series of graphs that plot the change in employment resulting from enterprise births against the net change in employment resulting from enterprise births and deaths, with the size of the circles representing the number of persons employed by newly born enterprises. The graphs show that the majority of the job creation in ICT sectors was a result of a rising number of persons employed in ICT consultancy, where employment in newly born enterprises often accounted for a relatively high share of the total number of persons employed. In contrast, in activities where newly born enterprises contributed less than 2 % of the total number of persons employed, employment growth rates tended to be considerably lower. Table 6.9 presents information on the net change in the number of persons employed in the ICT sector among enterprises that survived one year. It shows that, in absolute terms, in Spain, Italy, Finland, Sweden and Norway the vast majority of jobs created in the ICT sector by one-year old enterprises during the period 1999 to 2001 were generated within ICT services, while in the remaining countries there was a less clear pattern. Looking at relative growth rates, the differences were less pronounced between ICT manufacturing and ICT services (as shown in Figure 6.13). Indeed, employment growth rates reported by ICT manufacturing and services were often quite similar, although the net effect was generally larger for ICT services, as newly born enterprises in this sector usually employed a considerably higher absolute number of persons. Given that growth rates for employment creation were often quite similar, this suggests that general economic conditions play an important role in determining employment changes. Figure 6.14 shows the percentage point difference in employment growth rates between the business economy average and the ICT sector for enterprises from the 1998 cohort of newly born enterprises, surviving one, two or three years. As can be seen, if employment in surviving enterprises rose after one year, then in most cases this pattern was repeated during their second and third years of survival. This pattern was confirmed when looking at the same information, broken down by enterprise size-class (see Table 6.10).

Figure 6.12: Employment share of enterprise births and employment share of enterprise deaths, relative to the number of persons employed by newly born enterprises (indicated by the size of the plot), for selected countries, 2000 (%) (1)



(1) The circles represent the countries for which data are available.

(2) Belgium, Portugal and the United Kingdom, not available.

(3) Belgium, Luxembourg, the Netherlands, Portugal, the United Kingdom and Norway, not available.

(4) Belgium, Spain, Luxembourg, Portugal and the United Kingdom, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



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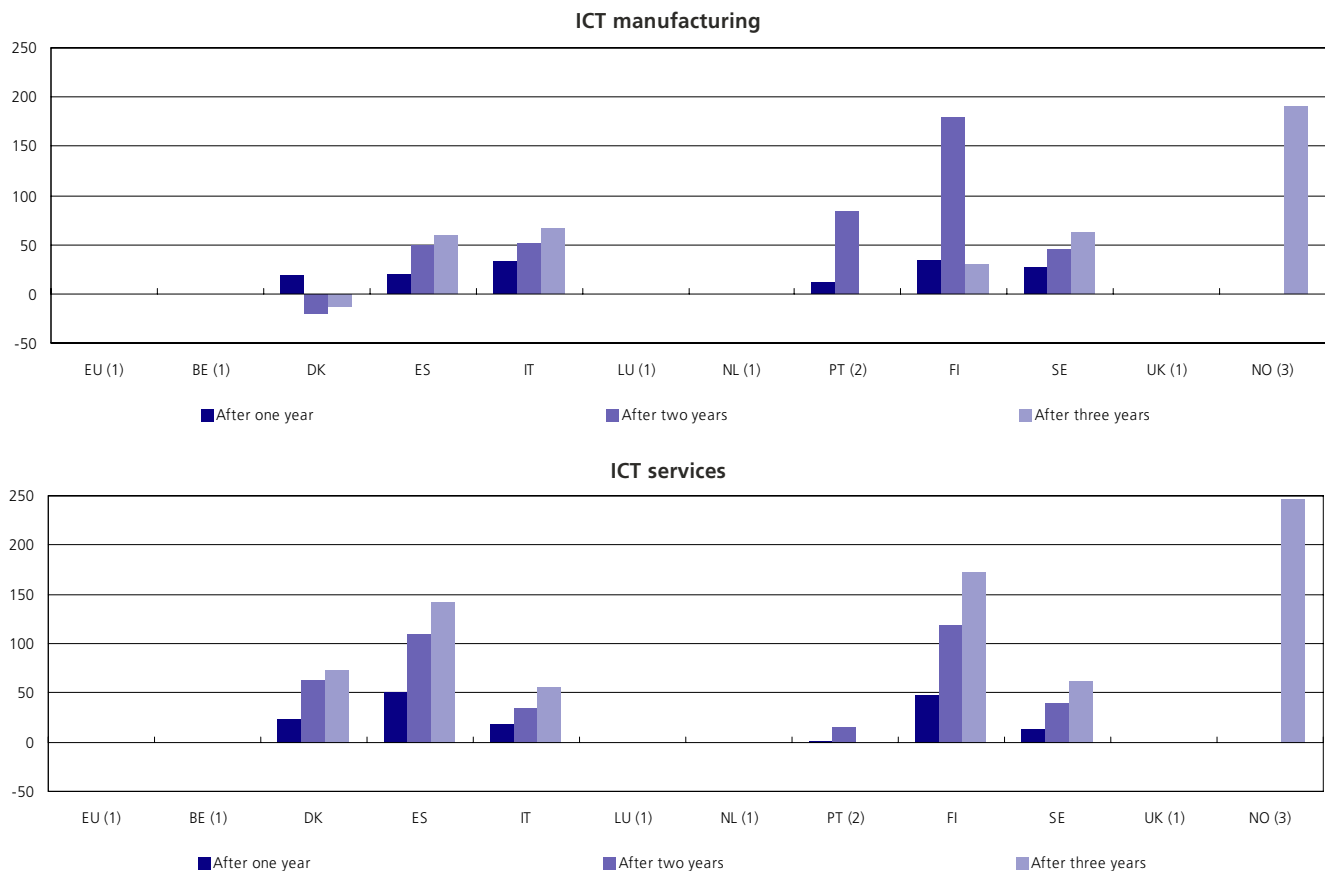
**Table 6.9: Net employment change (persons employed), employment among enterprises surviving one year compared with employment in all newly born enterprises (units)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Net employment change: employment in 1999 of enterprises that survived one year minus employment of all newly born enterprises in 1998</i>												
ICT manufacturing	:	:	6	111	480	:	:	9	20	37	:	:
ICT wholesale	:	:	93	556	225	44	:	-36	77	108	:	:
Telecommunications	:	:	37	:	235	:	:	43	20	21	300	36
ICT consulting	:	:	-76	:	93	:	:	-14	102	463	-1 135	357
<i>Net employment change: employment in 2000 of enterprises that survived one year minus employment of all newly born enterprises in 1999</i>												
ICT manufacturing	881	:	62	334	589	0	-231	5	36	90	:	:
ICT wholesale	:	:	22	824	378	42	:	:	129	326	:	:
Telecommunications	:	:	220	:	1 101	:	-24	122	141	481	205	55
ICT consulting	:	:	-28	:	2 614	-36	:	:	508	1 823	-330	:
<i>Net employment change: employment in 2001 of enterprises that survived one year minus employment of all newly born enterprises in 2000</i>												
ICT manufacturing	:	:	13	-37	1 316	0	:	:	100	149	:	:
ICT wholesale	:	:	123	509	802	:	:	:	120	144	:	:
Telecommunications	:	:	157	:	3 856	29	-154	:	53	25	:	193
ICT consulting	:	:	-20	:	3 391	:	-1 236	:	786	1 009	:	466

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.13: Enterprises born in 1998 that survived one, two or three years, employment change among survivors (%)**



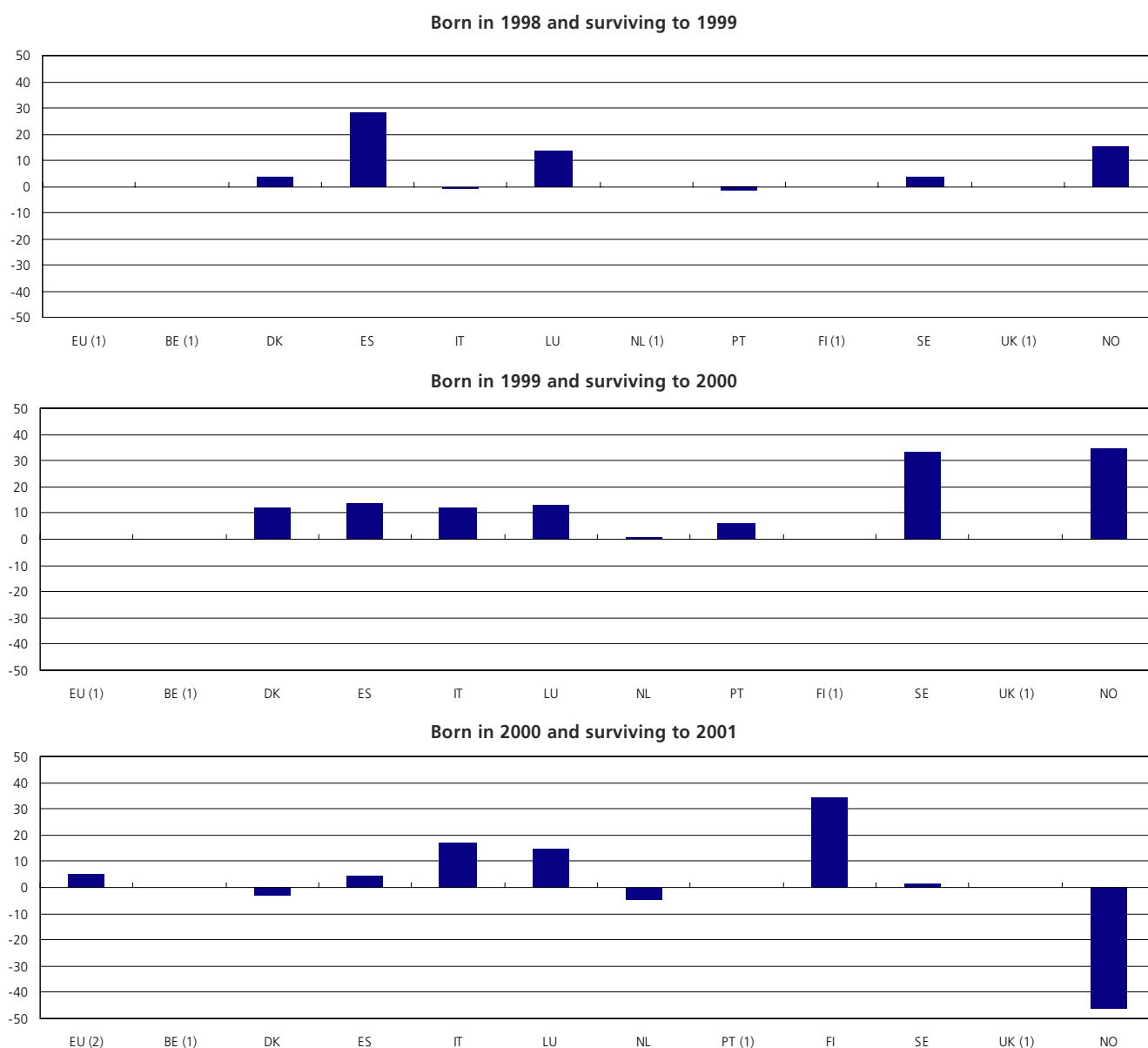
(1) Not available.

(2) After three years, not available.

(3) After one and two years, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.14: Absolute difference between the employment growth of enterprises surviving one year for the ICT sector and for the business economy average (percentage points)



(1) Not available. (2) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.10: Employment growth among enterprises born in 1998, that survived one, two or three years, ICT sector (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Growth in employment of enterprises born in 1998 that survived to 1999</i>												
Total	:	:	23.3	47.7	19.4	45.3	:	1.5	42.5	14.6	:	40.0
0 employees	:	:	9.5	19.8	10.6	83.3	:	-0.6	137.6	9.7	:	25.9
1-4 employees	:	:	47.8	44.3	53.4	44.5	:	1.9	30.1	20.1	:	72.3
5-9 employees	:	:	78.9	28.2	57.2	:	:	5.0	-8.8	:	:	13.8
10-19 employees	:	:	13.5	72.2	72.9	:	:	-7.5	19.2	:	:	28.2
20+ employees	:	:	40.2	111.7	11.7	:	:	3.5	:	:	:	25.5
<i>Growth in employment of enterprises born in 1998 that survived to 2000</i>												
Total	:	:	59.7	103.7	37.1	112.7	:	17.5	111.8	39.5	:	72.0
0 employees	:	:	25.8	52.2	22.0	139.2	:	3.7	307.0	30.0	:	41.0
1-4 employees	:	:	86.2	85.1	83.8	122.4	:	11.8	83.1	52.4	:	136.6
5-9 employees	:	:	119.1	53.3	71.9	:	:	16.0	41.3	67.9	:	58.1
10-19 employees	:	:	55.8	129.8	98.8	:	:	18.4	69.2	:	:	17.9
20+ employees	:	:	172.9	256.3	63.2	:	:	45.6	:	:	:	40.8
<i>Growth in employment of enterprises born in 1998 that survived to 2001</i>												
Total	:	:	69.5	134.5	57.4	194.5	:	:	160.2	61.7	:	241.7
0 employees	:	:	21.7	68.0	37.8	219.4	:	:	436.5	43.8	:	485.5
1-4 employees	:	:	144.6	110.0	106.0	:	:	:	121.8	75.5	:	355.7
5-9 employees	:	:	209.0	70.3	74.0	64.0	:	:	45.3	107.7	:	137.1
10-19 employees	:	:	96.1	139.6	120.6	:	:	:	137.5	:	:	63.1
20+ employees	:	:	23.5	340.9	120.9	:	:	:	:	:	:	100.9

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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### 6.2: KNOWLEDGE-INTENSIVE BUSINESS SERVICES

The focus of this second subchapter is knowledge-intensive business services that are defined as follows:

- computer and related activities (NACE Division 72);
- professional business services that consist of:
  - legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy (NACE Group 74.1);
  - architectural and engineering activities and related technical consultancy (NACE Group 74.2);
  - technical testing and analysis (NACE Group 74.3);
  - advertising (NACE Group 74.4);
  - photographic activities (NACE Class 74.81); and
  - secretarial and translation activities (NACE Class 74.83).

Note that computer and related activities, which are contrasted in the present subchapter with professional services, were also covered in the previous subchapter, where they were contrasted with other parts of the ICT sector.

Products offered by enterprises operating in knowledge-intensive business services can often be stored, and as such, like for manufactured goods, their production and consumption can take place at different times and places, for example allowing them to be exported.

### Birth rates

As shown in Figure 6.15, both computer and related activities and professional services enterprises recorded relatively high birth rates in comparison to the business economy average in 2001 (subject to data availability). In computer related activities<sup>(8)</sup> the highest birth rate was registered in Luxembourg (22.4 %) and the lowest in Sweden (10.3 %). In professional services birth rates tended to be somewhat lower than for computer related activities, with the range between 12.5 % in Denmark and 8.3 % in Finland<sup>(9)</sup>.

For computer and related activities, five of eight countries for which data are available<sup>(10)</sup> reported that their birth rates were at least twice as high as their respective business economy averages in 2001. The variation for professional services was less marked, as birth rates were 1.2 to 1.4 times higher<sup>(11)</sup>.

Table 6.11 shows that there were, in absolute terms, more enterprise births within professional services than within computer and related activities in 2001. This observation held true for all seven countries for which data are available<sup>(12)</sup>. There were 1.6 times as many enterprises born in the professional services compared with computer and related activities in Denmark in 2001, a proportion that rose to 4.1 times as many in Italy.

<sup>(8)</sup> Belgium, the United Kingdom and Norway, not available.

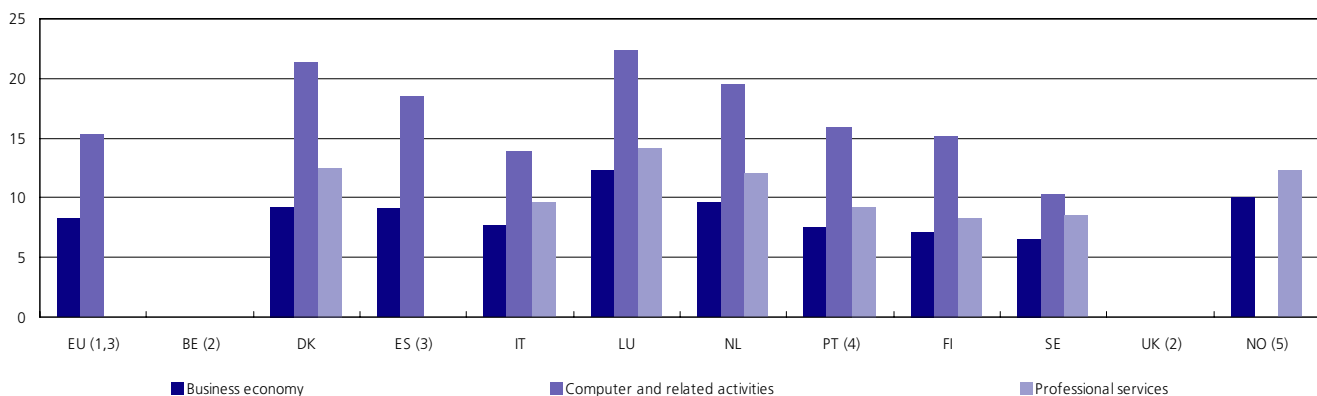
<sup>(9)</sup> Belgium, Spain and the United Kingdom, not available.

<sup>(10)</sup> Belgium, the United Kingdom and Norway, not available.

<sup>(11)</sup> Belgium, Spain and the United Kingdom, not available.

<sup>(12)</sup> Belgium, Spain, the United Kingdom and Norway, not available.

Figure 6.15: Enterprise birth rates, 2001 (%)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; professional services, not available.

(2) Not available

(3) Professional services, not available.

(4) Sole proprietors not covered.

(5) Computer and related activities, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

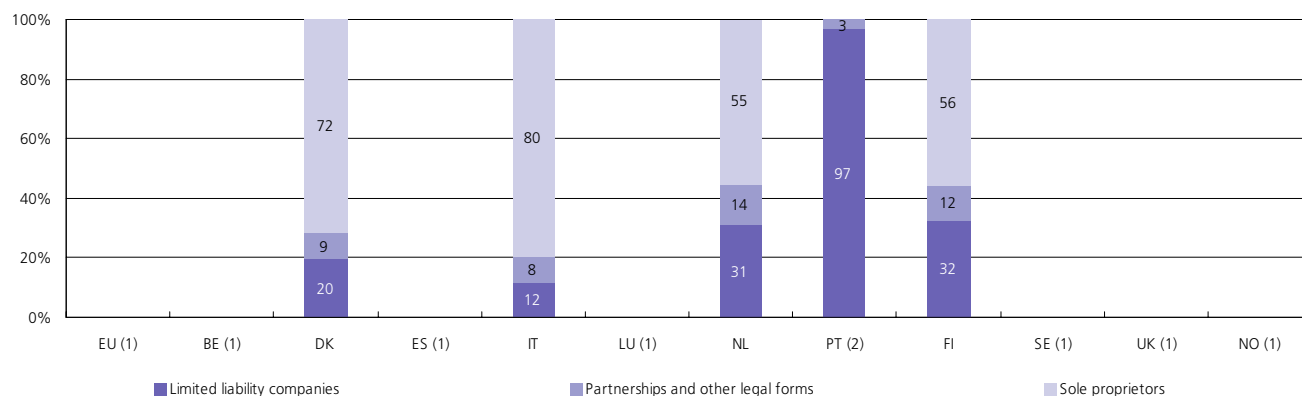
Table 6.11: Number of enterprises births and enterprise birth rates, 2001

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<i>Knowledge-intensive business services</i>												
Number of enterprise births (units)	:	:	6 735	:	61 743	683	14 317	2 198	3 326	11 198	:	:
Enterprise birth rates (%)	:	:	14.9	:	10.2	15.7	13.4	10.0	9.4	8.8	:	:
<i>Computer and related activities</i>												
Number of enterprise births (units)	27 033	:	2 635	4 674	11 996	189	3 926	379	903	2 710	:	:
Enterprise birth rates (%)	15.3	:	21.3	18.5	13.9	22.4	19.5	15.9	15.2	10.3	:	:
<i>Professional services</i>												
Number of enterprise births (units)	:	:	4 100	:	49 747	494	10 391	1 819	2 423	8 488	:	2 961
Enterprise birth rates (%)	:	:	12.5	:	9.6	14.1	12.0	9.3	8.3	8.5	:	12.2

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only. (2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.16: Breakdown of enterprise births by legal form, knowledge-intensive business services, 2001

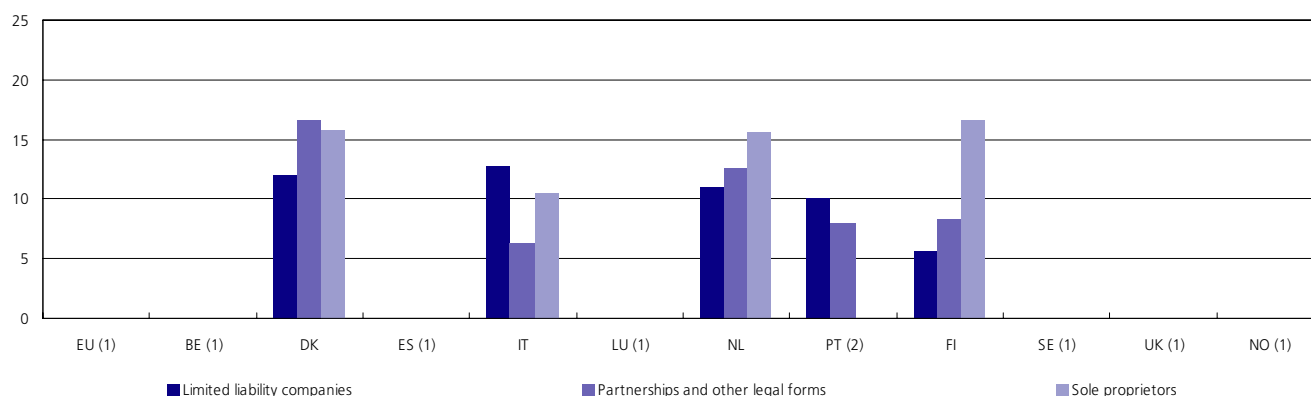


(1) Not available.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.17: Enterprise birth rates, knowledge-intensive business services, 2001 (%)



(1) Not available.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.16 provides data on the proportion of births in the knowledge-intensive business services sector broken down by legal form. Sole proprietors accounted for 55 % or more of the newly born enterprises in each country in 2001, a share that rose to 79.9 % in Italy<sup>(13)</sup>. These findings were not too dissimilar to those recorded for the whole of the business economy, as 70.2 % of all newly born enterprises in Italy were sole proprietorships. Nevertheless, with the exception of Finland, the share of sole proprietorships in the total number of newly born enterprises was higher among knowledge-intensive business services than it was on average for the whole business economy.

In the Netherlands and Finland, the highest birth rates were registered for sole proprietorships, in Italy and Portugal the highest birth rates were registered among limited liability companies, while in Denmark the highest birth rates in this sector were recorded for partnership and other legal forms - see Figure 6.17<sup>(14)</sup>.

<sup>(14)</sup> Belgium, Spain, Luxembourg, Sweden, the United Kingdom and Norway, not available; Portugal, sole proprietors not covered.

<sup>(13)</sup> Belgium, Spain, Luxembourg, Sweden, the United Kingdom and Norway, not available; Portugal, sole proprietors not covered.

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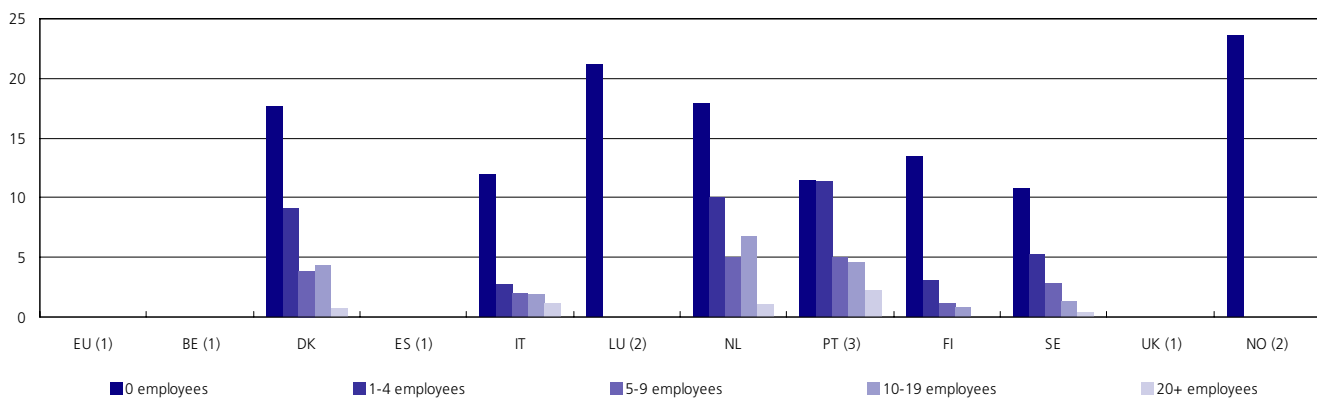
Table 6.12: Number of enterprise births and enterprise birth rates, 2001

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<b>Computer and related activities</b>												
<i>Limited liability companies</i>												
Number of enterprise births (units)	:	:	544	2 081	2 939	158	1 208	375	315	:	:	:
Share of legal form in all births (%)	:	:	20.6	44.5	24.5	83.6	30.8	98.9	34.9	:	:	:
Enterprise birth rates (%)	:	:	16.5	17.2	11.6	:	14.1	16.0	8.6	:	:	:
<i>Partnerships and other legal forms</i>												
Number of enterprise births (units)	:	:	305	311	1 422	4	658	4	119	:	:	:
Share of legal form in all births (%)	:	:	11.6	6.7	11.9	2.1	16.8	1.1	13.2	:	:	:
Enterprise birth rates (%)	:	:	27.6	21.5	5.9	:	23.2	12.9	19.3	:	:	:
<i>Sole proprietors</i>												
Number of enterprise births (units)	:	:	1 786	2 282	7 635	27	2 060	:	469	:	:	:
Share of legal form in all births (%)	:	:	67.8	48.8	63.6	14.3	52.5	:	51.9	:	:	:
Enterprise birth rates (%)	:	:	22.5	19.5	20.8	20.6	23.6	:	28.7	:	:	:
<b>Professional services</b>												
<i>Limited liability companies</i>												
Number of enterprise births (units)	:	:	775	:	4 271	312	3 205	1 748	762	2 019	:	657
Share of legal form in all births (%)	:	:	18.9	:	8.6	63.2	30.8	96.1	31.4	23.8	:	22.2
Enterprise birth rates (%)	:	:	10.1	:	13.6	16.1	10.1	9.3	4.9	4.8	:	5.9
<i>Partnerships and other legal forms</i>												
Number of enterprise births (units)	:	:	287	:	3 764	:	1 306	71	275	960	:	121
Share of legal form in all births (%)	:	:	7.0	:	7.6	:	12.6	3.9	11.3	11.3	:	4.1
Enterprise birth rates (%)	:	:	11.6	:	6.4	:	10.3	7.8	6.6	6.7	:	10.4
<i>Sole proprietors</i>												
Number of enterprise births (units)	:	:	3 038	:	41 712	:	5 880	:	1 386	5 509	:	2 183
Share of legal form in all births (%)	:	:	74.1	:	83.8	:	56.6	:	57.2	64.9	:	73.7
Enterprise birth rates (%)	:	:	13.5	:	9.7	:	14.0	:	14.5	12.5	:	18.4

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.18: Enterprise birth rates, knowledge-intensive business services, 2001 (%)



(1) Not available.

(2) Only the 0 employees size-class is available.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

A breakdown of birth rates by size-class reveals that enterprises with no employees had the highest birth rates in 2001 (see Figure 6.18), ranging between 10.8 % in Sweden and 23.6 % in Norway <sup>(15)</sup>. As was the case for the business economy as a whole, birth rates generally decreased as the average size of enterprises increased. There were however two exceptions to this rule, as birth rates of knowledge-intensive business services enterprises in Denmark and the Netherlands were higher for enterprises with 10 to 19 employees than for enterprises with 5 to 9 employees.

<sup>(15)</sup> Belgium, Spain and the United Kingdom, not available.

Table 6.13: Enterprise births and enterprise birth rates, 2001

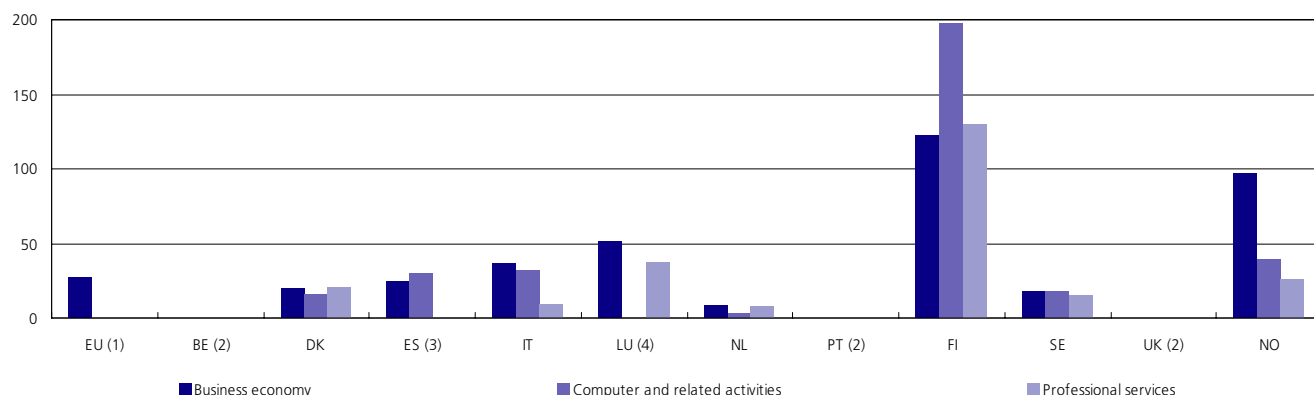
		EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>Computer and related activities</b>													
0 employees	Number of births (units)	22 500	:	2 239	3 586	10 999	110	2 605	5	802	2 159	:	1 498
	Enterprise birth rates (%)	19.1	:	23.9	23.5	18.0	28.4	25.8	11.4	22.4	11.9	:	37.1
1-4 employees	Number of births (units)	:	:	342	875	849	:	1 174	325	88	474	:	:
	Enterprise birth rates (%)	:	:	16.4	13.1	4.9	:	15.1	18.4	5.9	8.3	:	:
5-9 employees	Number of births (units)	:	:	28	150	94	:	78	35	9	61	:	41
	Enterprise birth rates (%)	:	:	7.8	9.5	2.3	:	8.0	12.6	2.7	5.8	:	:
10-19 employees	Number of births (units)	:	:	21	49	42	:	56	10	4	12	:	12
	Enterprise birth rates (%)	:	:	7.8	6.5	1.9	:	9.4	6.5	1.7	1.9	:	:
20+ employees	Number of births (units)	48	:	5	14	12	0	13	4	0	4	:	:
	Enterprise birth rates (%)	1.0	:	1.8	1.4	0.7	0.0	1.8	3.0	0.0	0.5	:	:
<b>Professional services</b>													
0 employees	Number of births (units)	:	:	3 600	:	47 918	370	7 020	34	2 195	7 276	:	2 456
	Enterprise birth rates (%)	:	:	15.2	:	11.0	19.7	16.0	11.4	11.7	10.5	:	19.4
1-4 employees	Number of births (units)	:	:	448	:	1 599	109	3 050	1 632	215	1 137	:	457
	Enterprise birth rates (%)	:	:	6.8	:	2.2	9.8	8.9	10.6	2.6	4.6	:	5.3
5-9 employees	Number of births (units)	:	:	31	:	152	:	171	101	10	56	:	31
	Enterprise birth rates (%)	:	:	2.7	:	1.9	:	4.3	4.1	0.8	1.8	:	1.8
10-19 employees	Number of births (units)	:	:	20	:	54	:	131	42	3	15	:	13
	Enterprise birth rates (%)	:	:	2.9	:	1.9	:	6.0	4.3	0.5	1.0	:	1.7
20+ employees	Number of births (units)	:	:	1	:	24	:	19	10	0	4	:	4
	Enterprise birth rates (%)	:	:	0.2	:	1.7	:	0.9	2.0	0.0	0.3	:	0.9

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.19: Employment change among enterprises born in 2000 and surviving to 2001 (%)



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; computer and related activities and professional services, not available.

(2) Not available.

(3) Professional services, not available.

(4) Computer and related activities, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### Survival rates

One-year survival rates of enterprises that were newly born in 1998 within computer and related activities were in the range of 79.2 % in Denmark and Spain to 98.1 % in Sweden<sup>(16)</sup>. When compared to business economy averages survival rates for computer and related activities were generally lower, with the largest difference some 5 percentage points in Norway<sup>(17)</sup>. Analysing two-year survival rates for computer and related activities, the proportion of enterprises that were born in 1998 and survived two years stood between 60.7 % of those initially born in Denmark and 89.9 % in Sweden<sup>(18)</sup>. Three-year survival rates showed that Denmark was the only country where less than half of the newly born enterprises in 1998 in the computer and related activities failed to survive three years<sup>(19)</sup>. Some 47.5 % of newly born enterprises survived three years in Denmark, while the range in the remaining countries was from 55.7 % in Spain to 80.0 % in Sweden.

<sup>(16)</sup> Belgium, Luxembourg and the Netherlands, not available.

<sup>(17)</sup> Belgium, Luxembourg, the Netherlands and Sweden, not available.

<sup>(18)</sup> Belgium, Luxembourg and the Netherlands, not available.

<sup>(19)</sup> Belgium, Luxembourg, the Netherlands, Portugal and the United Kingdom, not available.

### Changes in employment as a result of enterprise demographics

The development of employment in newly born enterprises active within knowledge-intensive business services is shown in Figure 6.19. Employment growth in enterprises that were born in 2000 and survived their first year of operation was lower than the business economy average for both computer and related activities<sup>(20)</sup> and for professional services<sup>(21)</sup>, with the exception of Denmark for professional services, Spain for computer and related services and Finland for both activities.

<sup>(20)</sup> Belgium, Luxembourg, Portugal and the United Kingdom, not available.

<sup>(21)</sup> Belgium, Spain, Portugal and the United Kingdom, not available.

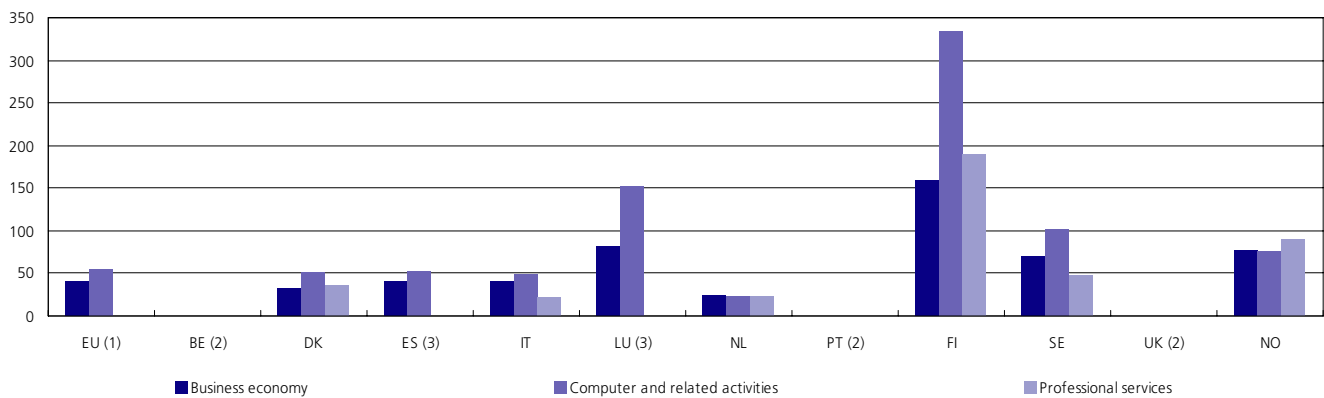
## 6. ACTIVITY FOCUS

**Table 6.14: Employment indicators for enterprises born in 2000 and surviving to 2001**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Knowledge-intensive business services</i>												
Number of persons employed, 2000 (units)	:	:	8 397	:	71 409	:	21 566	4 431	1 061	16 225	:	5 600
Number of persons employed, 2001 (units)	:	:	9 923	:	81 224	:	22 898	:	2 750	18 790	:	7 377
Employment change: born in 2000 surviving to 2001 (%)	:	:	18.2	:	13.7	:	6.2	:	159.2	15.8	:	31.7
<i>Computer and related activities</i>												
Number of persons employed, 2000 (units)	:	:	4 473	8 670	14 516	:	6 672	644	457	5 879	:	2 451
Number of persons employed, 2001 (units)	:	:	5 199	11 256	19 108	:	6 876	:	1 360	6 932	:	3 403
Employment change: born in 2000 surviving to 2001 (%)	:	:	16.2	29.8	31.6	:	3.1	:	197.6	17.9	:	38.8
<i>Professional services</i>												
Number of persons employed, 2000 (units)	:	:	3 924	:	56 893	471	14 894	3 787	604	10 346	:	3 149
Number of persons employed, 2001 (units)	:	:	4 724	:	62 116	647	16 022	:	1 390	11 858	:	3 974
Employment change: born in 2000 surviving to 2001 (%)	:	:	20.4	:	9.2	37.4	7.6	:	130.1	14.6	:	26.2

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.20: Employment change among enterprises born in 1999 and surviving to 2001 (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only; professional services, not available.

(2) Not available.

(3) Professional services, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

However, broadening the analysis to enterprises that were born in 1999 and survived two years, employment growth was seen to be higher than the business economy average in six of the eight countries for which data are available for computer and related activities<sup>(22)</sup> - see Figure 6.20; the exceptions being the Netherlands and Norway. For professional services this pattern was not evident. While Italy, the Netherlands and Sweden reported that employment growth among two-year old enterprises within professional services was less than the business economy average, the opposite was true in Denmark, Finland and Norway<sup>(23)</sup>.

<sup>(22)</sup> Belgium, Portugal and the United Kingdom, not available.

<sup>(23)</sup> Belgium, Spain, Luxembourg, Portugal and the United Kingdom, not available.

Figure 6.21 shows the evolution of employment levels among enterprises that were born in 1998 and subsequently survived three years. There is confirmation of higher than average employment growth for computer and related activities<sup>(24)</sup>, while for professional services<sup>(25)</sup> there was no consistent pattern when compared with the business economy average.

Any comparison of the information presented for enterprises that survived one, two or three years (as shown in Figures 6.19 to 6.21) should be considered in light of the fact that these enterprises were born in different years (1998, 1999 or 2000) and, as a result, were exposed to different economic conditions.

<sup>(24)</sup> Belgium, the Netherlands, Portugal and the United Kingdom.

<sup>(25)</sup> Belgium, Spain, the Netherlands, Portugal and the United Kingdom, not available.

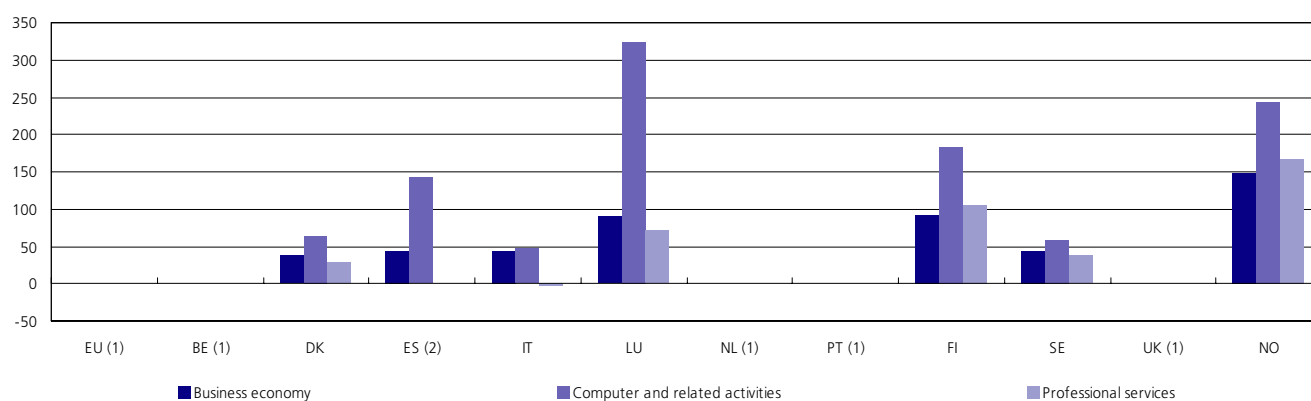
Table 6.15: Employment indicators for enterprises born in 1999 and surviving to 2001

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Knowledge-intensive business services</i>												
Number of persons employed, 1999 (units)	:	:	4 681	:	52 468	:	16 463	:	706	9 145	:	4 225
Number of persons employed, 2001 (units)	:	:	6 607	:	66 488	:	20 211	:	2 331	14 907	:	7 811
Employment change: born in 1999 surviving to 2001 (%)	:	:	41.1	:	26.7	:	22.8	:	230.2	63.0	:	84.9
<i>Computer and related activities</i>												
Number of persons employed, 1999 (units)	27 840	:	1 738	7 524	11 123	158	4 578	:	198	2 521	:	1 556
Number of persons employed, 2001 (units)	42 688	:	2 618	11 511	16 571	398	5 641	:	860	5 089	:	2 722
Employment change: born in 1999 surviving to 2001 (%)	53.3	:	50.6	53.0	49.0	151.9	23.2	:	334.3	101.9	:	74.9
<i>Professional services</i>												
Number of persons employed, 1999 (units)	:	:	2 943	:	41 345	:	11 885	:	508	6 624	:	2 669
Number of persons employed, 2001 (units)	:	:	3 989	:	49 917	:	14 569	:	1 471	9 818	:	5 089
Employment change: born in 1999 surviving to 2001 (%)	:	:	35.5	:	20.7	:	22.6	:	189.6	48.2	:	90.7

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.21: Employment change among enterprises born in 1998 and surviving to 2001 (%)



(1) Not available.

(2) Professional services, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.16: Employment indicators for enterprises born in 1998 and surviving to 2001

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Knowledge-intensive business services</i>												
Number of persons employed, 1998 (units)	:	:	3 748	:	63 371	526	:	:	1 086	9 820	:	3 787
Number of persons employed, 2001 (units)	:	:	5 244	:	67 561	1 135	:	:	2 393	14 225	:	11 059
Employment change: born in 1998 surviving to 2001 (%)	:	:	39.9	:	6.6	115.8	:	:	120.3	44.9	:	192.0
<i>Computer and related activities</i>												
Number of persons employed, 1998 (units)	:	:	1 227	4 501	12 393	94	:	:	207	3 084	:	1 243
Number of persons employed, 2001 (units)	:	:	2 015	10 937	18 305	398	:	:	588	4 909	:	4 263
Employment change: born in 1998 surviving to 2001 (%)	:	:	64.2	143.0	47.7	323.4	:	:	184.1	59.2	:	243.0
<i>Professional services</i>												
Number of persons employed, 1998 (units)	:	:	2 521	:	50 978	432	:	:	879	6 736	:	2 544
Number of persons employed, 2001 (units)	:	:	3 229	:	49 256	737	:	:	1 805	9 316	:	6 796
Employment change: born in 1998 surviving to 2001 (%)	:	:	28.1	:	-3.4	70.6	:	:	105.3	38.3	:	167.1

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### Death rates

Figure 6.22 gives an overview of the proportion of enterprise deaths within the business economy that were found within computer and related activities and professional services in 2000. Computer and related activities accounted for between 1.3 % of all deaths in Spain and 11.4 % of the total in the United Kingdom<sup>(26)</sup>. For professional services the figures were much higher, as this activity accounted for between 10.5 % of all deaths in Norway and 17.6 % of the total in the Netherlands<sup>(27)</sup>.

<sup>(26)</sup> Belgium, Luxembourg, Portugal and Norway, not available.

<sup>(27)</sup> Belgium, Spain and Portugal, not available.

The proportion of jobs lost through enterprise deaths in the business economy that were the result of enterprise deaths within knowledge-intensive business services was similar (although generally somewhat lower) to the proportion of business economy enterprise deaths accounted for by these activities. Figure 6.23 shows that jobs lost in computer and related activities accounted for between 1.0 % of the total number of jobs lost in Spain and 8.0 % in Denmark<sup>(28)</sup>, while for professional services the range was between 8.6 % of all jobs lost in Finland and 14.4 % in Sweden<sup>(29)</sup>.

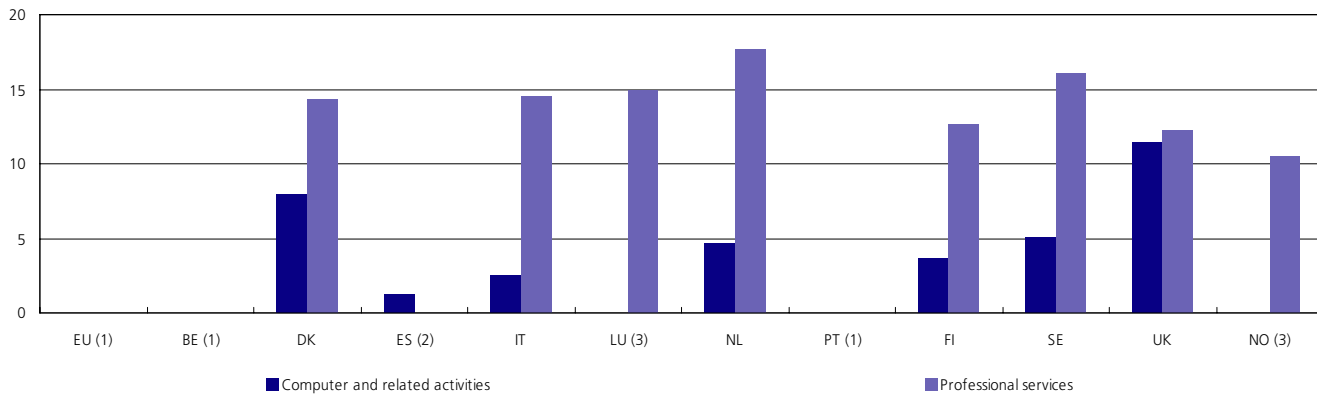
<sup>(28)</sup> Belgium, Luxembourg, Portugal, the United Kingdom and Norway, not available.

<sup>(29)</sup> Belgium, Spain, Portugal and the United Kingdom, not available.



## 6. ACTIVITY FOCUS

**Figure 6.22: Proportion of the total number of enterprise deaths in the business economy, 2000 (%)**



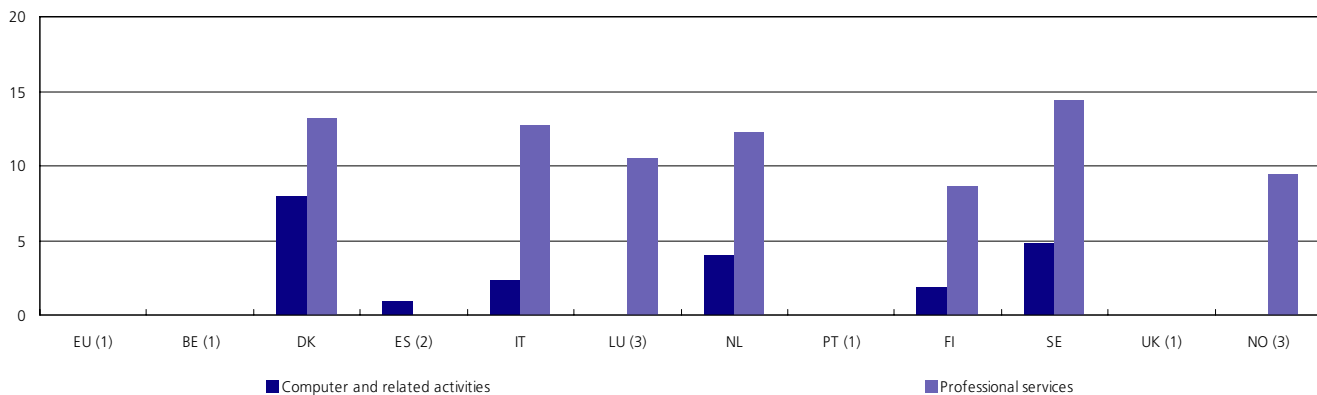
(1) Not available.

(2) Professional services, not available.

(3) Computer and related activities, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.23: Persons employed in enterprises that died as a proportion of the total number of persons employed in enterprises that died in the business economy, 2000 (%)**



(1) Not available.

(2) Professional services, not available.

(3) Computer and related activities, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 6.17: Enterprise deaths, 2000**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Knowledge-intensive business services</i>												
Number of enterprise deaths (units)	:	:	5 669	:	44 807	:	12 216	:	2 779	5 953	43 290	:
Persons employed in enterprises that died (units)	:	:	6 665	:	53 097	:	23 061	:	610	8 433	:	:
Average size of enterprise deaths (persons employed)	:	:	1.2	:	1.2	:	1.9	:	0.2	1.4	:	:
<i>Computer and related activities</i>												
Number of enterprise deaths (units)	:	:	2 018	2 360	6 628	:	2 555	:	618	1 425	20 940	:
Persons employed in enterprises that died (units)	:	:	2 512	3 574	8 368	:	5 665	:	111	2 098	:	:
Average size of enterprise deaths (persons employed)	:	:	1.2	1.5	1.3	:	2.2	:	0.2	1.5	:	:
<i>Professional services</i>												
Number of enterprise deaths (units)	:	:	3 651	:	38 179	306	9 661	:	2 161	4 528	22 350	1 885
Persons employed in enterprises that died (units)	:	:	4 153	:	44 729	361	17 396	:	499	6 335	:	1 821
Average size of enterprise deaths (persons employed)	:	:	1.1	:	1.2	1.2	1.8	:	0.2	1.4	:	1.0

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The average size of enterprise deaths (measured in terms of persons employed) can be derived from the number of persons employed in enterprises that died and the total number of enterprise deaths. Table 6.17 shows that the average size of enterprises that died in 2000 within knowledge-intensive business services varied between 0.2 persons per enterprise in Finland and 1.9 persons in the Netherlands<sup>(30)</sup>. In general these values were slightly lower

than the average size of enterprises that died in the whole of the business economy. The highest deviation was reported for the Netherlands, where enterprises in knowledge-intensive business services that died averaged 1.9 persons employed compared to a business economy average of 2.6 persons.

<sup>(30)</sup> Belgium, Spain, Luxembourg, Portugal, the United Kingdom and Norway, not available; Finland, different methodology used in the treatment of data.

### 6.3: PROFESSIONAL SERVICES AND OPERATIONAL SERVICES

Operational and professional services when summed together make-up the NACE division heading for other business services (NACE Division 74). For the purpose of this subchapter, professional services are defined as:

- Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy (NACE Group 74.1, excluding 74.15);
- Architectural and engineering activities and related technical consultancy (NACE Group 74.2);
- Technical testing and analysis (NACE Group 74.3);
- Advertising (NACE Group 74.4);
- Photographic activities (NACE Class 74.81);
- Secretarial and translation activities (NACE Class 74.83).

Operational services are defined as:

- Labour recruitment and provision of personnel (NACE Group 74.5);
- Investigation and security activities (NACE Group 74.6);
- Industrial cleaning (NACE Group 74.7);
- Packaging activities (NACE Class 74.82);
- Other business activities n.e.c. (NACE Class 74.84).

Note that professional services, which are contrasted in the present subchapter with operational services, were also covered in the previous subchapter, where they were contrasted with computer and related activities.

Note that the four classes that make-up miscellaneous business activities n.e.c. (NACE Group 74.8) are split between the two headings of professional and operational services. When information is not available at such a detailed level of NACE, Group 74.8 has been published. Note in addition that management activities of holding companies (NACE Class 74.15) is not included in either of the aggregates.

The outsourcing trend witnessed in recent decades has been one of the main reasons behind the rapid growth of the services sector. Some of the most clear examples of this trend are covered by the activities that make-up professional and operational services. Both of these groups of activities provide expertise to allow clients to focus on their core activities. As such, they provide support to other enterprises and administrations and, to a lesser degree, private individuals too (as these consume some services, such as legal and accounting support or security services).

#### *Active enterprises and employment*

Professional services accounted for a higher number of active enterprises than operational services in 2001 in every country for which data are available <sup>(31)</sup>. As regards employment, professional services also employed more persons in the majority of countries, although there were exceptions to this rule in the form of the Netherlands, Portugal and Norway (see Table 6.18) <sup>(32)</sup>.

Within the activities that make-up the professional services, the average size of enterprises tended to be relatively small, as witnessed when looking at the share of the total number of enterprises and total number of persons employed in the services sector that was accounted for by professional services. For operational services, enterprises were considerably larger on average, as operational services accounted for a higher proportion of persons employed in the services total than their share of the total number of services' enterprises.

<sup>(31)</sup> Belgium, Spain and Luxembourg, not available.

<sup>(32)</sup> Belgium, Spain, Luxembourg and United Kingdom, not available.

**Table 6.18: Proportion of active enterprises and persons employed in the services total accounted for by enterprises within the professional and operational services, 2001 (%)**

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<i>Number of active enterprises: share of services total</i>												
Professional services	:	:	16.6	:	19.1	:	20.7	11.2	17.8	24.9	17.5	14.9
Operational services	:	:	6.7	:	3.9	:	5.0	2.9	5.2	5.7	9.9	7.6
<i>Number of persons employed: share of services total</i>												
Professional services	:	:	11.7	:	10.9	:	10.6	6.9	9.7	16.3	:	9.8
Operational services	:	:	5.8	:	8.4	:	13.9	10.9	6.9	6.6	:	10.1

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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**Table 6.19: Proportion of active enterprises and persons employed within the professional and operational services totals, 2001 (%)**

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<b>Active enterprises</b>												
<i>Professional services</i>	:	:	100	:	100	:	100	100	100	100	100	100
Legal & account. act., mkt. res., management cons.	:	:	47.7	:	47.9	:	56.5	58.5	49.4	49.3	60.4	44.3
Archit. & eng. activities and related consultancy	:	:	25.7	:	41.0	:	19.2	25.5	28.8	27.9	26.8	33.1
Technical testing and analysis	:	:	1.4	:	0.9	:	0.7	1.3	1.4	0.5	1.2	2.0
Advertising	:	:	12.6	:	3.5	:	15.3	10.0	12.3	13.4	6.4	10.2
Photographic, secretarial and translation activities	:	:	12.6	:	6.7	:	8.4	4.8	8.1	8.9	5.2	10.5
<i>Operational services</i>	:	:	100	:	100	:	100	100	100	100	100	100
Labour recruitment and provision of personnel	:	:	4.8	:	1.6	:	27.4	7.5	7.0	2.6	12.9	3.0
Investigation and security services	:	:	2.3	:	2.3	:	3.9	2.4	5.6	3.5	4.6	1.8
Industrial cleaning	:	:	53.5	:	25.4	:	32.5	16.3	38.6	27.2	10.3	15.6
Packaging and other business activities	:	:	39.3	:	70.7	:	36.2	73.9	48.8	66.7	72.3	79.6
<b>Number of persons employed</b>												
<i>Professional services</i>	:	:	100	:	100	:	100	100	100	100	:	100
Legal & account. act., mkt. res., management cons.	:	:	44.4	:	52.5	:	54.8	58.5	37.1	38.4	:	42.1
Archit. & eng. activities and related consultancy	:	:	32.9	:	32.4	:	26.0	22.3	41.4	29.9	:	35.6
Technical testing and analysis	:	:	3.8	:	1.9	:	2.4	2.6	4.0	2.6	:	4.6
Advertising	:	:	11.3	:	5.8	:	11.0	12.1	11.3	12.9	:	10.3
Photographic, secretarial and translation activities	:	:	7.6	:	7.4	:	5.8	4.6	6.1	16.2	:	7.4
<i>Operational services</i>	:	:	100	:	100	:	100	100	100	100	:	100
Labour recruitment and provision of personnel	:	:	19.5	:	19.8	:	54.7	30.4	22.7	3.4	:	33.1
Investigation and security services	:	:	3.0	:	8.2	:	5.3	18.8	12.9	15.4	:	11.2
Industrial cleaning	:	:	57.5	:	51.1	:	31.3	33.3	51.0	44.3	:	28.2
Packaging and other business activities	:	:	20.0	:	21.0	:	8.7	17.5	13.4	36.9	:	27.5

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Most of the enterprises within the professional services were active in legal and accounting activities, market research and management consultancy (Classes 74.11 to 74.14) - see Table 6.19. Within operational services, packaging and other business activities (Class 74.82 and 74.84) generally accounted for the highest proportion of active enterprises, while industrial cleaning services had the highest employment levels.

### Birth, survival and death rates

Birth rates for both professional and operational services were above the average rates for the whole of the services sector in 2001<sup>(33)</sup>. Considerably higher birth rates were generally found for operational services in each of the countries for which data are available - see Figure 6.24. Labour recruitment and provision of personnel often recorded some of the highest birth rates among those activities that make-up operational services, although there was some evidence of lower birth rates for this activity in 2001 (perhaps as a result of the slowdown in economic activity).

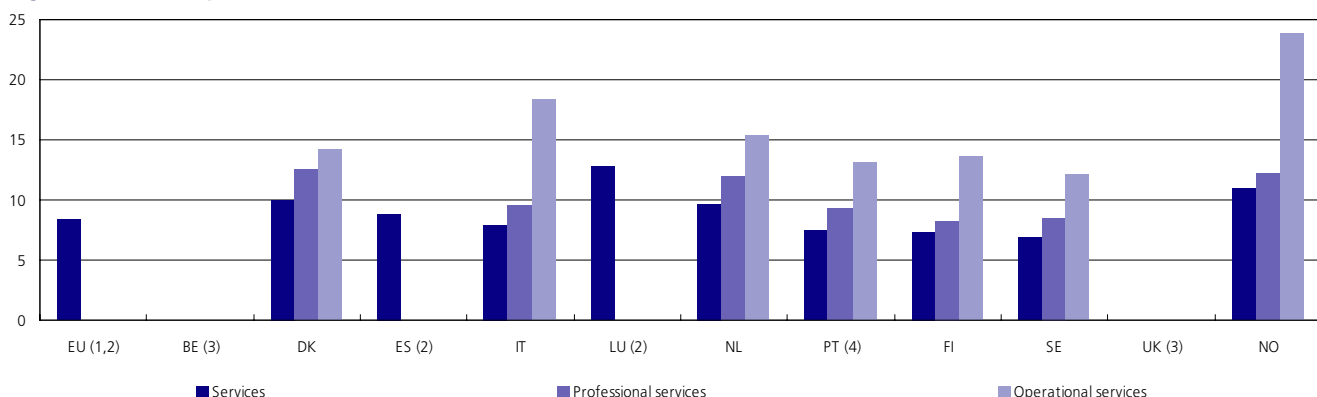
<sup>(33)</sup> Previous years not available.

During the period 1998 to 2001, birth rates tended to decrease for professional and operational services, although there were a few exceptions to this rule (see Table 6.20). Where birth rates were particularly high (for example, within advertising among the professional services and within labour recruitment and provision of personnel among the operational services), the downturn in birth rates over the period considered was more marked than for other activities that reported birth rates that were closer to the services average in 1998.

Table 6.21 shows the one-, two- and three-year survival rates of enterprises born in 2000, 1999 and 1998 respectively. The information presented suggests that country-specific factors play an important role in determining survival rates, as Denmark recorded the lowest three-year survival rates for enterprises born in 1998 among five of the eight activities presented<sup>(34)</sup>. On the other hand, the highest survival rates were recorded in Sweden (4 activities), Luxembourg (3 activities) or Norway (1 activity). Generally across all professional and operational services activities, enterprise survival rates tended to be higher in Luxembourg, Finland and Sweden than in the remaining countries.

<sup>(34)</sup> Belgium, Spain, the Netherlands, Portugal and United Kingdom, not available.

**Figure 6.24: Enterprise birth rates, 2001 (%)**



(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only. (2) Professional services and operational services, not available.

(3) Not available. (4) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.20: Enterprise birth rates (%)

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<b>Professional services</b>												
2001	:	:	12.5	:	9.6	:	12.0	9.3	8.3	8.5	:	12.2
<i>Legal and accounting activities, market research, management consultancy</i>												
1998	:	10.8	12.7	:	11.8	15.1	:	12.9	9.5	8.1	11.4	11.0
1999	:	9.3	13.1	:	9.7	15.6	13.5	9.8	8.0	8.2	11.7	12.3
2000	:	9.9	13.1	:	11.2	14.2	13.1	10.9	7.5	9.0	10.9	12.0
2001	:	:	14.4	:	9.3	14.4	13.3	9.1	8.3	8.4	:	10.7
<i>Architectural and engineering activities and related consultancy</i>												
1998	:	8.6	13.1	:	11.5	15.3	:	10.8	8.9	7.5	6.4	13.1
1999	:	8.5	11.1	:	7.8	12.3	11.4	8.1	7.4	7.6	7.0	15.2
2000	:	7.6	10.3	:	9.9	11.6	11.3	6.2	8.0	8.4	6.1	12.9
2001	:	:	9.8	:	9.7	13.3	10.6	9.3	6.8	8.0	:	11.9
<i>Technical testing and analysis</i>												
1998	:	7.3	16.6	:	22.9	:	:	15.0	7.7	6.4	8.9	12.8
1999	:	7.9	13.0	:	24.9	:	11.0	8.5	7.6	6.4	9.3	15.6
2000	:	7.3	11.8	:	14.8	:	8.5	9.6	8.0	5.2	11.6	16.4
2001	:	:	13.9	:	13.1	:	11.3	12.8	8.5	8.0	:	12.6
<i>Advertising</i>												
1998	:	8.7	13.9	:	20.0	12.3	:	15.3	11.5	8.6	8.8	10.9
1999	:	7.4	12.9	:	12.3	20.1	12.1	12.8	10.3	8.8	10.2	13.2
2000	:	6.8	12.4	:	11.6	17.6	12.4	11.0	11.0	9.3	10.3	12.1
2001	:	:	11.8	:	11.5	12.5	11.1	10.1	11.0	9.2	:	11.6
<b>Operational services</b>												
2001	:	:	14.2	:	18.4	:	15.4	13.2	13.5	12.1	:	23.9
<i>Labour recruitment and provision of personnel</i>												
1998	:	13.3	16.7	:	31.8	16.1	:	17.4	13.7	17.1	13.9	18.0
1999	:	12.1	18.2	:	20.5	:	26.3	14.6	13.2	25.1	15.8	22.2
2000	:	9.9	20.7	:	36.6	:	26.4	18.2	12.6	22.5	14.9	23.6
2001	:	:	16.5	:	15.4	17.5	25.1	10.4	9.4	18.3	:	29.6
<i>Investigation and security services</i>												
1998	:	9.2	18.8	:	16.2	:	:	14.4	16.1	12.4	17.6	11.7
1999	:	7.5	16.9	:	9.0	17.4	20.5	16.1	13.0	11.5	18.4	16.0
2000	:	10.8	13.9	:	9.7	41.4	21.0	10.1	10.9	15.7	15.0	12.4
2001	:	:	17.4	:	10.0	:	18.8	9.0	15.1	11.0	:	22.3
<i>Industrial cleaning</i>												
1998	:	12.3	16.8	:	14.9	11.2	:	14.7	10.9	8.0	11.2	13.9
1999	:	8.3	16.9	:	9.1	14.3	9.2	12.8	11.3	8.1	13.2	13.1
2000	:	7.5	13.5	:	9.0	8.4	9.2	10.6	11.3	9.8	11.3	12.7
2001	:	:	12.4	:	8.8	11.3	11.0	11.5	12.6	9.5	:	13.1
<b>Common to professional and operational services</b>												
<i>Miscellaneous business services</i>												
1998	:	14.2	15.1	:	26.5	22.5	:	20.2	15.2	12.2	11.2	25.1
1999	:	11.9	15.3	:	9.0	23.6	11.1	16.3	13.6	12.6	12.5	27.3
2000	:	11.4	15.1	:	8.1	19.7	10.5	16.0	13.4	13.1	10.4	27.3
2001	:	:	14.2	:	17.8	18.6	9.6	12.9	12.8	11.6	:	24.6

(1) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.21: Enterprise survival rates for one, two and three-year old survivors, 2001 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Professional services</b>												
<i>Legal and accounting activities, market research, management consultancy</i>												
Born in 2000	:	:	81.4	:	87.5	90.7	84.8	:	84.2	99.0	:	78.6
Born in 1999	:	:	62.2	:	75.2	81.5	72.8	:	71.6	92.4	:	69.0
Born in 1998	:	:	52.7	:	69.7	64.9	:	:	62.6	83.1	:	67.8
<i>Architectural and engineering activities and related consultancy</i>												
Born in 2000	:	:	78.8	:	88.8	90.1	87.2	:	80.9	98.7	:	78.6
Born in 1999	:	:	60.6	:	78.4	76.9	77.2	:	71.7	91.8	:	69.5
Born in 1998	:	:	53.5	:	69.9	83.0	:	:	65.9	82.4	:	66.1
<i>Technical testing and analysis</i>												
Born in 2000	:	:	75.5	:	83.1	:	93.9	:	90.6	100.0	:	81.6
Born in 1999	:	:	60.7	:	70.1	:	85.0	:	80.0	93.3	:	67.6
Born in 1998	:	:	57.1	:	65.3	:	:	:	50.0	96.6	:	62.7
<i>Advertising</i>												
Born in 2000	:	:	79.2	:	87.6	87.8	82.6	:	83.7	98.6	:	68.4
Born in 1999	:	:	54.7	:	74.5	86.3	68.5	:	68.4	90.0	:	58.4
Born in 1998	:	:	49.5	:	59.1	76.9	:	:	58.0	74.7	:	60.2
<b>Operational services</b>												
<i>Labour recruitment and provision of personnel</i>												
Born in 2000	:	:	78.9	:	85.2	:	78.4	:	83.8	98.1	:	77.1
Born in 1999	:	:	54.2	:	68.9	:	64.4	:	79.1	85.7	:	56.9
Born in 1998	:	:	50.6	:	51.2	77.8	:	:	70.8	81.4	:	73.3
<i>Investigation and security services</i>												
Born in 2000	:	:	67.5	:	88.0	83.3	84.7	:	80.0	99.2	:	65.4
Born in 1999	:	:	72.3	:	72.4	:	66.9	:	65.6	90.0	:	60.0
Born in 1998	:	:	42.6	:	57.0	:	:	:	55.8	63.0	:	84.2
<i>Industrial cleaning</i>												
Born in 2000	:	:	79.7	:	89.0	100.0	78.5	:	86.9	97.3	:	81.0
Born in 1999	:	:	56.7	:	75.4	84.6	68.6	:	66.2	88.0	:	66.4
Born in 1998	:	:	53.9	:	58.0	80.0	:	:	54.7	68.7	:	53.8
<b>Common to professional and operational services</b>												
<i>Miscellaneous business services</i>												
Born in 2000	:	:	77.9	:	85.6	86.6	83.9	:	84.6	98.8	:	74.9
Born in 1999	:	:	60.3	:	67.2	71.1	67.4	:	67.6	90.6	:	65.8
Born in 1998	:	:	54.7	:	50.6	61.8	:	:	58.4	77.6	:	57.8

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 6. ACTIVITY FOCUS

Table 6.22: Employment growth rate in enterprises born in 1998, 1999 and 2000 (%)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Employment in 2001 of enterprises having survived one year relative to employment in all enterprises born in 2000 (%)</b>												
Professional services	:	:	:	:	:	:	:	:	:	:	:	:
Legal & account. act., mkt. res., management cons.	:	7.4	:	0.4	29.7	-2.9	:	98.4	15.0	:	-3.1	:
Archit. & eng. activities and related consultancy	:	-8.8	:	-9.9	16.7	-4.1	:	132.4	12.4	:	15.1	:
Technical testing and analysis	:	3.4	:	21.5	:	24.9	:	366.7	0.0	:	8.2	:
Advertising	:	2.9	:	19.3	35.0	-13.7	:	139.6	9.8	:	14.5	:
Operational services	:	:	:	:	:	:	:	:	:	:	:	:
Labour recruitment and provision of personnel	:	102.9	:	30.3	:	12.7	:	55.4	80.6	:	34.8	:
Investigation and security services	:	51.5	:	89.7	144.1	0.2	:	105.6	33.0	:	-40.6	:
Industrial cleaning	:	-9.3	:	64.9	133.3	-17.4	:	62.2	14.8	:	48.4	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	-12.3	:	9.8	18.6	-4.6	:	102.6	19.5	:	-10.0	:
<b>Employment in 2001 of enterprises having survived one year relative to their own employment in 2000 (%)</b>												
Professional services	:	20.4	:	9.2	:	7.6	:	130.1	14.6	:	26.2	:
Legal & account. act., mkt. res., management cons.	:	27.2	:	12.3	38.2	7.9	:	102.9	16.2	:	17.4	:
Archit. & eng. activities and related consultancy	:	11.5	:	0.8	28.0	6.7	:	138.0	13.6	:	38.5	:
Technical testing and analysis	:	14.4	:	41.0	:	25.6	:	366.7	0.0	:	23.3	:
Advertising	:	23.1	:	33.3	62.0	3.8	:	150.6	11.1	:	44.0	:
Operational services	:	28.7	:	58.3	:	28.1	:	108.5	25.1	:	24.5	:
Labour recruitment and provision of personnel	:	134.8	:	46.5	:	37.2	:	153.6	82.2	:	49.2	:
Investigation and security services	:	80.7	:	104.5	159.4	23.1	:	117.6	33.7	:	0.0	:
Industrial cleaning	:	12.3	:	76.0	133.3	8.8	:	71.0	17.3	:	75.5	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	10.5	:	25.0	30.8	14.1	:	140.4	20.9	:	15.2	:
<b>Employment in 2001 of enterprises having survived two years, relative to their own employment in 1999 (%)</b>												
Professional services	:	20.4	:	9.2	:	7.6	:	130.1	14.6	:	26.2	:
Legal & account. act., mkt. res., management cons.	:	27.2	:	12.3	38.2	7.9	:	102.9	16.2	:	17.4	:
Archit. & eng. activities and related consultancy	:	11.5	:	0.8	28.0	6.7	:	138.0	13.6	:	38.5	:
Technical testing and analysis	:	14.4	:	41.0	:	25.6	:	366.7	0.0	:	23.3	:
Advertising	:	23.1	:	33.3	62.0	3.8	:	150.6	11.1	:	44.0	:
Operational services	:	28.7	:	58.3	:	28.1	:	108.5	25.1	:	24.5	:
Labour recruitment and provision of personnel	:	134.8	:	46.5	:	37.2	:	153.6	82.2	:	49.2	:
Investigation and security services	:	80.7	:	104.5	159.4	23.1	:	117.6	33.7	:	0.0	:
Industrial cleaning	:	12.3	:	76.0	133.3	8.8	:	71.0	17.3	:	75.5	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	7.4	:	20.6	71.8	37.9	:	181.5	48.2	:	28.9	:
<b>Employment in 2001 of enterprises having survived three years, relative to their own employment in 1998 (%)</b>												
Professional services	:	28.1	:	-3.4	:	:	:	105.3	38.3	:	167.1	:
Legal & account. act., mkt. res., management cons.	:	29.9	:	2.6	99.0	:	:	137.1	28.4	:	212.0	:
Archit. & eng. activities and related consultancy	:	29.2	:	-22.3	60.7	:	:	90.7	28.9	:	149.1	:
Technical testing and analysis	:	15.6	:	26.5	:	:	:	150.0	28.0	:	52.1	:
Advertising	:	39.9	:	51.1	50.0	:	:	89.2	34.9	:	105.0	:
Operational services	:	35.0	:	175.0	:	:	:	126.5	40.2	:	175.3	:
Labour recruitment and provision of personnel	:	81.9	:	1 233.6	25.0	:	:	265.3	215.8	:	155.7	:
Investigation and security services	:	180.0	:	126.7	:	:	:	216.7	25.4	:	66.4	:
Industrial cleaning	:	26.0	:	115.5	66.7	:	:	77.6	73.4	:	275.5	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	19.6	:	18.9	31.6	:	:	52.0	51.0	:	162.5	:

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.23: Average size (in terms of the number of persons employed) of enterprises born in 1999 and 2000 that survived to 2001 (units)

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Average size of one-year old enterprises in 2001</b>												
Professional services	:	1.5	:	1.3	:	1.8	:	0.7	1.4	:	1.7	:
Legal & account. act., mkt. res., management cons.	:	1.6	:	1.4	1.5	1.9	:	0.7	1.3	:	1.8	:
Archit. & eng. activities and related consultancy	:	1.4	:	1.2	1.5	1.9	:	0.7	1.5	:	1.6	:
Technical testing and analysis	:	3.8	:	1.9	:	4.7	:	1.4	1.5	:	1.7	:
Advertising	:	1.6	:	1.8	1.9	1.8	:	0.7	1.6	:	2.1	:
Operational services	:	1.6	:	3.2	:	4.3	:	1.0	1.8	:	1.8	:
Labour recruitment and provision of personnel	:	4.9	:	2.2	:	7.0	:	5.6	3.9	:	10.8	:
Investigation and security services	:	5.6	:	5.4	8.3	3.2	:	0.9	2.0	:	1.1	:
Industrial cleaning	:	1.3	:	4.8	4.4	2.9	:	1.0	1.7	:	2.4	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	1.2	:	1.8	1.5	1.8	:	0.5	1.7	:	1.4	:
<b>Average size of two-year old enterprises in 2001</b>												
Professional services	:	1.7	:	1.6	:	2.0	:	0.9	1.5	:	2.4	:
Legal & account. act., mkt. res., management cons.	:	1.9	:	1.6	1.7	2.0	:	1.0	1.4	:	3.1	:
Archit. & eng. activities and related consultancy	:	1.5	:	1.3	1.6	2.2	:	0.9	1.5	:	1.8	:
Technical testing and analysis	:	1.3	:	1.6	2.3	2.0	:	2.0	3.3	:	1.7	:
Advertising	:	2.1	:	2.2	1.7	1.9	:	0.8	1.6	:	1.9	:
Operational services	:	1.7	:	3.9	:	4.9	:	1.6	2.2	:	2.0	:
Labour recruitment and provision of personnel	:	7.7	:	18.1	76.3	8.9	:	8.1	8.7	:	13.6	:
Investigation and security services	:	1.7	:	4.0	:	5.5	:	1.5	3.6	:	3.3	:
Industrial cleaning	:	1.6	:	4.9	25.5	3.2	:	1.5	2.3	:	5.5	:
Common to professional and operational services	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous business services	:	1.2	:	1.6	2.1	2.1	:	0.7	1.7	:	1.6	:

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Looking at the highest and lowest survival rates for each of the six countries for which data are available, higher survival rates were more often registered for the professional services. Four of the six countries for which data are available reported that one of the professional services had the highest three-year survival rates, while five of the six reported that one of the operational services had the lowest three-year survival rate <sup>(35)</sup>.

Table 6.22 shows the evolution of employment among newly born enterprises, as measured by the change in employment levels for those enterprises that survived. The level of employment within surviving enterprises operating in professional or operational services grew for the cohort of enterprises born in 1999 and surviving two years and for the cohort of enterprises born in 2000 and surviving one year. Among the cohort that was born in 1998 and survived three years, the only decrease was registered in Italy for architectural and engineering activities and related consultancy <sup>(36)</sup>.

<sup>(35)</sup> Belgium, Spain, the Netherlands, Portugal and United Kingdom, not available.

<sup>(36)</sup> Belgium, Spain, the Netherlands, Portugal and United Kingdom, not available.

The average size of enterprises in both the professional and operational services increased over time for most activity-country pairings for the cohorts of enterprises that were born in 1999 and 2000 <sup>(37)</sup> - see Table 6.23 - the average size of enterprises born in 1999 was generally larger in 2001 than the average size of enterprises born in 2000. Among the professional services, this was not the case for technical testing and analysis in Denmark, Italy and the Netherlands or for advertising in Luxembourg and Norway. Among the operational services, the average size of one-year old enterprises for investigation and security services in Denmark and Italy was higher than for two-year old enterprises.

While enterprise birth rates were higher for professional and operational services than they were for the services sector as a whole, enterprise death rates for the professional services were, in the majority of countries, lower than the services average, from 1997 to 2000 - see Table 6.24. The converse was true for operational services, where death rates were usually above the services' average.

<sup>(37)</sup> Belgium, Spain, Portugal and United Kingdom, not available.

**Table 6.24: Enterprise death rates (%)**

	EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Services</b>												
1997	:	10.0	8.9	7.8	9.8	9.1	:	6.9	7.0	7.3	10.0	:
1998	7.3	7.1	9.1	8.0	6.5	9.4	8.2	6.6	8.2	6.1	10.7	:
1999	7.3	9.2	8.9	7.1	7.4	9.7	8.8	6.2	7.1	5.3	10.9	7.8
2000	7.7	:	10.6	7.4	7.4	9.7	11.0	:	7.7	5.8	10.9	8.6
<b>Professional services</b>												
<i>Legal and accounting activities, market research, management consultancy</i>												
1997	:	8.1	9.0	:	12.3	7.7	:	6.6	5.8	5.6	8.2	:
1998	:	6.2	9.7	:	4.7	8.0	8.7	5.9	7.4	4.5	9.3	:
1999	:	8.8	8.4	:	4.9	9.9	9.4	4.3	5.7	4.0	10.5	6.4
2000	:	:	11.0	:	7.1	9.2	11.6	:	7.0	4.3	9.6	7.7
<i>Architectural and engineering activities and related consultancy</i>												
1997	:	6.5	9.5	:	15.4	5.9	:	4.1	5.8	6.2	7.4	:
1998	:	4.3	9.1	:	5.2	6.9	8.5	3.9	6.5	5.3	8.2	:
1999	:	6.0	8.4	:	5.3	6.1	7.8	3.2	5.7	4.3	9.6	8.9
2000	:	:	10.7	:	7.9	8.3	10.2	:	7.7	4.8	10.0	7.6
<i>Technical testing and analysis</i>												
1997	:	4.8	11.1	:	12.6	:	:	4.5	9.5	4.6	8.6	:
1998	:	2.6	8.5	:	7.8	0.0	6.1	4.7	7.5	5.8	9.1	:
1999	:	6.3	9.3	:	8.1	:	7.7	4.0	7.1	3.6	10.1	9.2
2000	:	:	15.1	:	11.9	:	9.2	:	6.5	4.1	12.3	7.5
<i>Advertising</i>												
1997	:	10.5	10.0	:	11.9	9.9	:	13.1	8.5	7.4	10.6	:
1998	:	7.7	10.8	:	9.0	6.2	9.4	13.7	11.2	6.9	11.1	:
1999	:	8.9	9.9	:	9.4	8.7	10.1	10.9	9.0	5.8	11.7	9.8
2000	:	:	13.0	:	10.0	9.4	12.6	:	8.9	6.1	12.4	7.9
<b>Operational services</b>												
<i>Labour recruitment and provision of personnel</i>												
1997	:	13.3	11.4	:	13.3	14.5	:	5.5	7.3	10.7	11.2	:
1998	:	8.8	14.6	:	12.9	:	9.0	8.1	8.4	6.0	11.6	:
1999	:	9.8	10.8	:	10.1	6.2	10.6	9.3	7.5	3.6	10.8	7.4
2000	:	:	15.4	:	12.7	4.3	15.5	:	7.9	6.9	11.2	12.8
<i>Investigation and security services</i>												
1997	:	14.3	13.1	:	11.0	:	:	13.3	13.2	9.8	15.3	:
1998	:	12.7	18.1	:	9.1	:	9.5	16.5	13.4	7.4	16.0	:
1999	:	14.4	13.7	:	7.9	:	12.0	12.7	13.2	8.7	14.0	4.8
2000	:	:	14.6	:	8.6	:	14.4	:	11.3	9.7	14.4	15.2
<i>Industrial cleaning</i>												
1997	:	12.2	11.7	:	13.4	8.2	:	11.4	9.4	10.1	10.1	:
1998	:	9.4	11.6	:	9.9	10.1	7.3	13.2	10.6	8.8	11.6	:
1999	:	10.2	12.0	:	9.3	5.5	8.4	10.1	9.7	7.9	10.0	10.0
2000	:	:	13.3	:	10.6	8.4	10.7	:	10.0	8.8	10.8	8.3
<b>Common to professional and operational services</b>												
<i>Miscellaneous business services</i>												
1997	:	11.5	10.6	:	16.2	11.8	:	16.7	8.5	6.3	10.6	:
1998	:	8.7	10.6	:	10.9	14.3	9.6	13.6	9.9	5.8	11.9	:
1999	:	10.8	10.0	:	10.6	10.1	11.2	15.3	8.9	5.3	12.9	13.2
2000	:	:	13.0	:	12.2	12.6	12.8	:	9.7	6.3	12.6	16.8

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.  
Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 6. ACTIVITY FOCUS

**Table 6.25: Number of persons employed among newly born enterprises per person employed in enterprise deaths (units)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Professional services</b>												
<i>Legal and accounting activities, market research, management consultancy</i>												
1999	:	:	1.4	:	1.9	1.3	1.3	2.3	1.6	1.7	:	2.2
2000	:	:	1.2	:	1.7	1.4	1.0	:	1.4	2.0	:	2.3
<i>Architectural and engineering activities and related consultancy</i>												
1999	:	:	1.4	:	1.4	2.0	1.6	1.8	1.2	1.5	:	1.9
2000	:	:	1.0	:	1.2	1.1	1.0	:	1.0	1.6	:	1.9
<i>Technical testing and analysis</i>												
1999	:	:	0.6	:	3.2	:	1.1	2.5	1.8	2.1	:	1.5
2000	:	:	1.9	:	1.4	:	1.0	:	1.5	0.8	:	2.7
<i>Advertising</i>												
1999	:	:	1.1	:	1.3	2.5	1.1	0.9	1.0	1.1	:	1.7
2000	:	:	1.1	:	1.2	2.1	0.9	:	1.1	1.3	:	2.3
<b>Operational services</b>												
<i>Labour recruitment and provision of personnel</i>												
1999	:	:	2.4	:	2.9	:	1.6	0.5	3.4	5.2	:	8.1
2000	:	:	1.2	:	3.3	:	1.7	:	8.5	3.5	:	6.6
<i>Investigation and security services</i>												
1999	:	:	1.3	:	1.2	:	0.7	0.3	0.5	1.2	:	2.9
2000	:	:	1.7	:	0.7	:	1.3	:	2.3	0.9	:	0.6
<i>Industrial cleaning</i>												
1999	:	:	1.4	:	0.8	14.6	0.7	0.8	0.7	0.7	:	1.4
2000	:	:	1.0	:	1.1	2.1	0.6	:	1.0	0.9	:	1.7
<b>Common to professional and operational services</b>												
<i>Miscellaneous business services</i>												
1999	:	:	1.6	:	0.9	2.0	1.0	1.1	1.1	2.1	:	2.4
2000	:	:	1.2	:	0.8	1.5	0.8	:	1.8	1.8	:	1.9

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Table 6.26: Net employment change (in terms of persons employed), employment among newly born enterprises compared with employment in enterprise deaths (units)**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<b>Professional services</b>												
<i>Legal and accounting activities, market research, management consultancy</i>												
1999	:	:	640	:	12 634	67	2 110	1 363	106	1 440	:	854
2000	:	:	445	:	13 654	85	132	:	98	2 349	:	991
<i>Architectural and engineering activities and related consultancy</i>												
1999	:	:	296	:	5 233	46	1 132	393	31	585	:	579
2000	:	:	-38	:	4 395	10	-114	:	7	1 092	:	529
<i>Technical testing and analysis</i>												
1999	:	:	-49	:	984	:	6	30	6	18	:	21
2000	:	:	69	:	252	:	8	:	3	-7	:	62
<i>Advertising</i>												
1999	:	:	68	:	715	39	299	-65	-3	83	:	160
2000	:	:	39	:	496	31	-182	:	7	348	:	221
<b>Operational services</b>												
<i>Labour recruitment and provision of personnel</i>												
1999	:	:	114	:	569	:	2 103	-252	83	133	:	290
2000	:	:	38	:	1 366	:	2 495	:	180	162	:	368
<i>Investigation and security services</i>												
1999	:	:	18	:	58	:	-96	-322	-12	12	:	48
2000	:	:	42	:	-263	:	90	:	10	-25	:	-20
<i>Industrial cleaning</i>												
1999	:	:	436	:	-1 135	122	-621	-172	-88	-199	:	119
2000	:	:	-7	:	480	8	-932	:	2	-89	:	127
<b>Common to professional and operational services</b>												
<i>Miscellaneous business services</i>												
1999	:	:	553	:	-1 246	72	-120	600	9	1 459	:	1 675
2000	:	:	225	:	-2 827	42	-634	:	87	1 777	:	1 676

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

The number of persons employed in enterprise births compared to the number of persons employed in enterprise deaths was generally above parity within the professional services in 1999 and 2000 - see Table 6.25. For operational services, in particular in 1999, there were several cases where the number of persons employed in enterprise deaths exceeded that recorded in enterprise births. Looking in more detail, investigation and security services (NACE Group 74.6) and industrial cleaning (NACE Group 74.7) were the two activities where the number of persons employed in enterprise births generally did not cover the number employed in enterprise deaths.



Table 6.27: Number of enterprise births and enterprise birth rates, 2001

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<b>Professional services</b>												
<i>Number of enterprise births (units)</i>												
0 employees	:	:	3 600	:	47 918	:	7 020	34	2 195	7 276	:	2 456
1-4 employees	:	:	448	:	1 599	:	3 050	1 632	215	1 137	:	457
5-9 employees	:	:	31	:	152	:	171	101	10	56	:	31
10-19 employees	:	:	20	:	54	:	131	42	3	15	:	13
20+ employees	:	:	1	:	24	:	19	10	0	4	:	4
<i>Enterprise birth rates (%)</i>												
0 employees	:	:	15.2	:	11.0	:	16.0	11.4	11.7	10.5	:	19.4
1-4 employees	:	:	6.8	:	2.2	:	8.9	10.6	2.6	4.6	:	5.3
5-9 employees	:	:	2.7	:	1.9	:	4.3	4.1	0.8	1.8	:	1.8
10-19 employees	:	:	2.9	:	1.9	:	6.0	4.3	0.5	1.0	:	1.7
20+ employees	:	:	0.2	:	1.7	:	0.9	2.0	0.0	0.3	:	0.9
<b>Operational services</b>												
<i>Number of enterprise births (units)</i>												
0 employees	:	:	1 663	:	17 907	:	1 894	85	1 051	2 360	:	2 390
1-4 employees	:	:	190	:	1 058	:	977	476	101	315	:	486
5-9 employees	:	:	22	:	224	:	174	60	3	45	:	35
10-19 employees	:	:	7	:	108	:	127	32	3	23	:	14
20+ employees	:	:	5	:	65	:	50	26	2	10	:	9
<i>Enterprise birth rates (%)</i>												
0 employees	:	:	17.0	:	21.3	:	20.8	38.3	18.4	14.7	:	30.3
1-4 employees	:	:	7.3	:	8.7	:	13.5	14.1	5.0	7.1	:	15.3
5-9 employees	:	:	5.7	:	6.3	:	11.5	9.2	0.9	4.4	:	6.7
10-19 employees	:	:	3.0	:	4.4	:	12.3	9.7	1.4	3.9	:	4.2
20+ employees	:	:	1.8	:	1.9	:	2.4	4.5	0.7	1.6	:	2.4

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

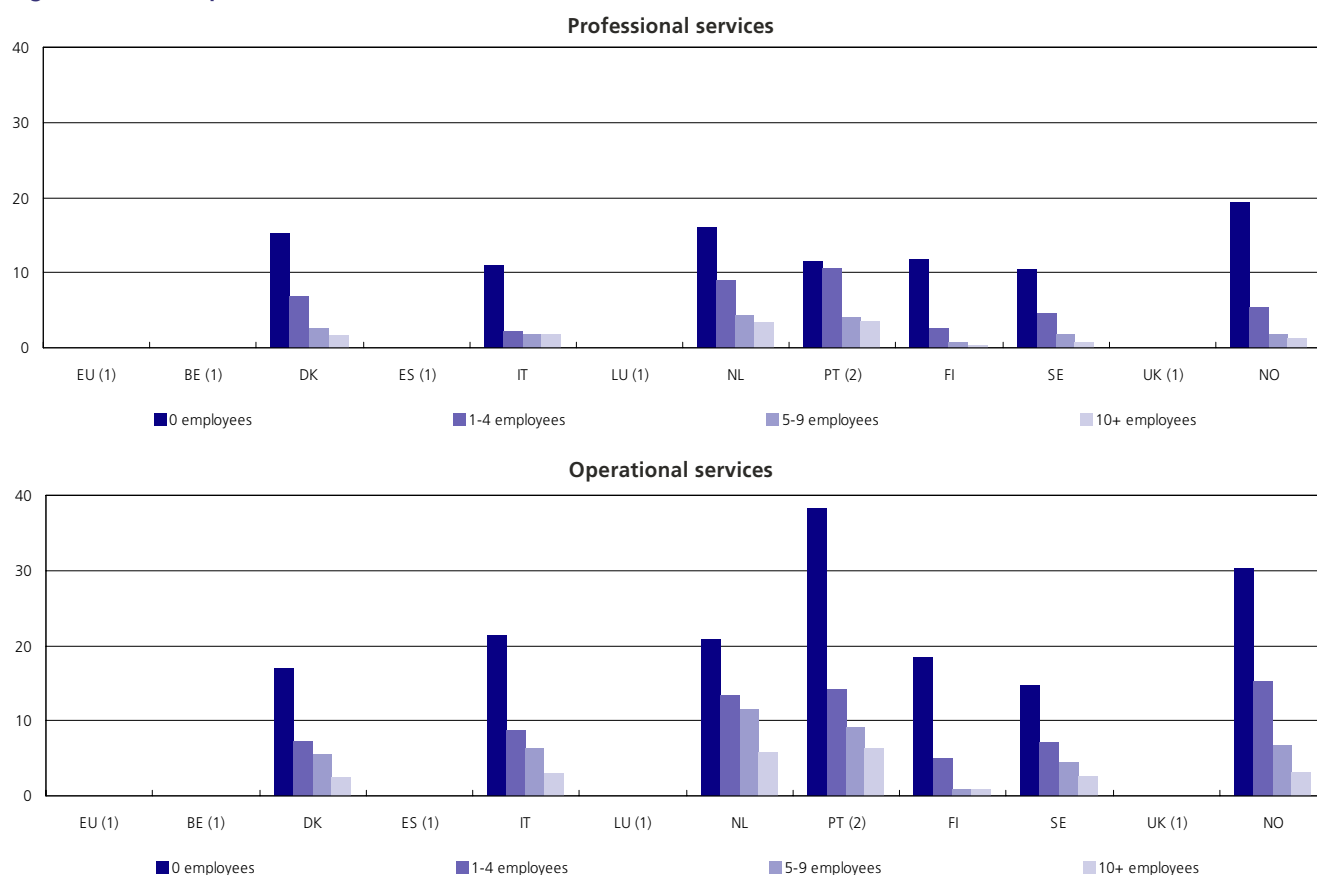
**Breakdown by enterprise size-class**

A large majority of the enterprises born within professional and operational services had no employees in 2001. Indeed, their weight in the total number of enterprises that were born was higher than the average for the whole of the services sector. The highest birth rates were consistently recorded for enterprises with no employees for both professional and operational services - see Table 6.27. Enterprise birth rates were always higher for

operational services than for professional services across all countries for which data are available, no matter which size-class was considered <sup>(38)</sup>. The differences between birth rates for professional and operational services were most pronounced for enterprises with 4 or fewer employees, as shown in Figure 6.25.

<sup>(38)</sup> Belgium, Spain, Luxembourg and United Kingdom, not available.

Figure 6.25: Enterprise birth rates, 2001 (%)



(1) Not available. (2) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



## 6. ACTIVITY FOCUS

**Table 6.28: Proportion of enterprise births in the services sector accounted for by enterprises within the professional and operational services, 2001 (%)**

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<i>Professional services</i>												
0 employee	:	:	22.2	:	23.9	:	30.1	12.0	20.4	32.0	:	18.1
1-4 employee	:	:	14.2	:	11.8	:	20.5	14.6	16.7	25.1	:	12.2
5-9 employee	:	:	13.4	:	10.4	:	16.5	8.5	16.9	15.3	:	9.7
10-19 employees	:	:	18.2	:	9.8	:	13.9	11.0	13.6	15.8	:	11.2
20+ employees	:	:	3.4	:	10.3	:	9.8	7.8	0.0	7.4	:	7.3
<i>Operational services</i>												
0 employee	:	:	10.3	:	8.9	:	8.1	30.0	9.7	10.4	:	17.7
1-4 employee	:	:	6.0	:	7.8	:	6.6	4.3	7.9	7.0	:	13.0
5-9 employee	:	:	9.5	:	15.3	:	16.8	5.1	5.1	12.3	:	11.0
10-19 employees	:	:	6.4	:	19.7	:	13.4	8.4	13.6	24.2	:	12.1
20+ employees	:	:	17.2	:	28.0	:	25.8	20.2	66.7	18.5	:	16.4

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Professional services nevertheless accounted for a considerably higher proportion of all enterprise births within the services sector among enterprises with no employees, as shown in Table 6.28, while for enterprises born with 20 or more employees, a higher proportion of the services total was accounted for by operational services.

### Breakdown by legal form

Breaking down the data for 2001 by legal form, sole proprietorships represented the largest number of enterprise births across all countries for both professional and operational services. The only exceptions to this pattern were registered in Luxembourg, where limited liability companies often accounted for the highest absolute number of births, as well as in Finland, Sweden and Norway, where limited liability companies accounted for the highest number of births for the activity of labour recruitment and provision of personnel (NACE Group 74.5) <sup>(39)</sup> - see Table 6.29.

<sup>(39)</sup> Belgium, Spain and the United Kingdom, not available; Portugal, sole proprietors not covered.

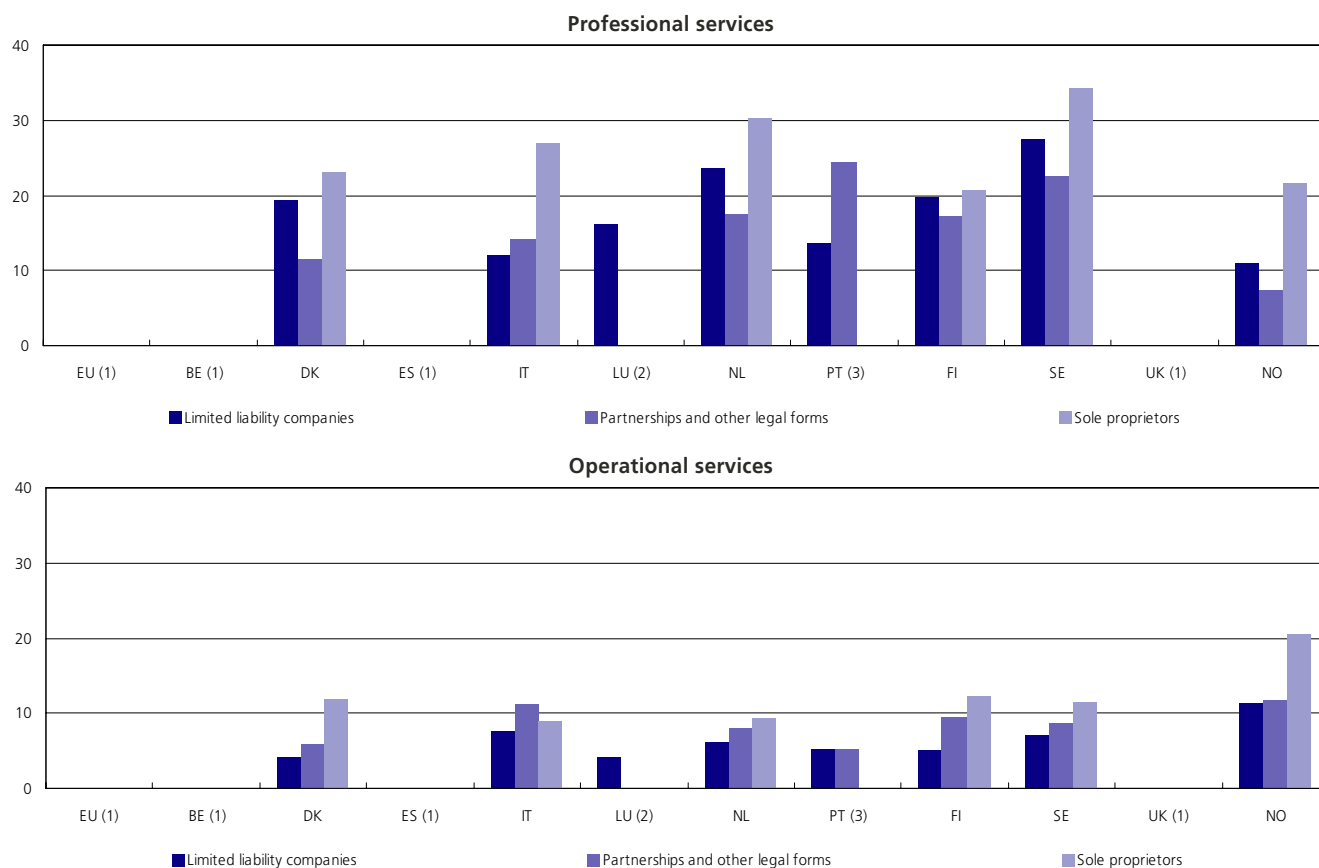
**Table 6.29: Number of enterprise births, 2001 (units)**

	EU	BE	DK	ES	IT	LU	NL	PT (1)	FI	SE	UK	NO
<i>Professional services</i>												
Limited liability companies	:	:	775	:	4271	312	3205	1748	762	2019	:	657
Partnerships and other legal forms	:	:	287	:	3764	:	1306	71	275	960	:	121
Sole proprietors	:	:	3038	:	41712	:	5880	:	1386	5509	:	2183
<i>Legal and accounting activities, market research, management consultancy (Classes 74.11 to 74.14)</i>												
Limited liability companies	:	:	499	:	1964	196	2456	985	456	1038	:	275
Partnerships and other legal forms	:	:	136	:	1916	10	716	56	147	497	:	51
Sole proprietors	:	:	1607	:	19425	95	3359	:	596	2622	:	819
<i>Architectural and engineering activities and related consultancy (Group 74.2)</i>												
Limited liability companies	:	:	147	:	1072	:	480	455	155	608	:	243
Partnerships and other legal forms	:	:	48	:	1172	:	228	9	73	222	:	22
Sole proprietors	:	:	629	:	18572	42	1060	:	344	1396	:	688
<i>Technical testing and analysis (Group 74.3)</i>												
Limited liability companies	:	:	8	:	169	:	19	31	15	13	:	:
Partnerships and other legal forms	:	:	1	:	95	0	13	2	1	3	:	:
Sole proprietors	:	:	54	:	321	0	38	:	19	24	:	35
<i>Advertising (Group 74.4)</i>												
Limited liability companies	:	:	98	:	646	29	214	196	111	313	:	92
Partnerships and other legal forms	:	:	78	:	255	0	291	3	45	192	:	21
Sole proprietors	:	:	312	:	1173	7	969	:	240	730	:	172
<i>Operational services</i>												
Limited liability companies	:	:	163	:	2679	79	834	664	193	524	:	679
Partnerships and other legal forms	:	:	151	:	2967	:	594	15	151	373	:	194
Sole proprietors	:	:	1573	:	13716	:	1794	:	816	1856	:	2061
<i>Labour recruitment and provision of personnel (Group 74.5)</i>												
Limited liability companies	:	:	18	:	82	14	533	39	22	54	:	64
Partnerships and other legal forms	:	:	14	:	45	0	276	1	15	16	:	6
Sole proprietors	:	:	74	:	141	0	630	:	19	38	:	40
<i>Investigation and security services (Group 74.6)</i>												
Limited liability companies	:	:	8	:	83	5	33	11	15	27	:	:
Partnerships and other legal forms	:	:	7	:	61	:	39	0	8	20	:	:
Sole proprietors	:	:	39	:	98	0	84	:	50	42	:	37
<i>Industrial cleaning (Group 74.7)</i>												
Limited liability companies	:	:	31	:	255	:	71	95	39	107	:	33
Partnerships and other legal forms	:	:	44	:	736	:	134	1	52	88	:	23
Sole proprietors	:	:	805	:	1351	4	548	:	325	392	:	194
<i>Common to professional and operational services</i>												
<i>Miscellaneous business services (Group 74.8)</i>												
Limited liability companies	:	:	129	:	2679	76	233	600	142	383	:	605
Partnerships and other legal forms	:	:	110	:	2451	0	203	14	85	295	:	183
Sole proprietors	:	:	1091	:	14347	44	986	:	609	2121	:	2264

(1) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.26: Proportion of enterprise births in the services sector accounted for by professional services, 2001 (%)



(1) Not available.

(2) Partnerships and other legal forms, and sole proprietors, not available.

(3) Sole proprietors not covered.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.26 shows the proportion of newly born enterprises in the services sector that were accounted for by professional and operational services, with the information broken down by legal form. The relative importance of sole proprietorships is apparent, as this legal form recorded the highest share of births within the services sector, other than in Italy for operational services, where a higher proportion was recorded for partnerships and other legal forms <sup>(40)</sup>.

<sup>(40)</sup> Belgium, Spain and the United Kingdom, not available; Luxembourg and Portugal, data not available for sole proprietorships; Luxembourg, data not available for partnership and other legal forms.

### 6.4: RETAIL TRADE

The retail trade sector is classified as Division 52 of NACE. For the purpose of this publication a number of headings have been used, which are either more detailed levels of NACE or special aggregates made from them, these include:

- Non-specialised in-store retail trade (NACE Group 52.1);
- Food-specialised in-store retail trade (NACE Group 52.2);
- Non-food specialised in-store retail trade (NACE Groups 52.3 to 52.5);
- Retail sale not in stores (NACE Group 52.6);
- Repair of personal and household goods (NACE Group 52.7).

Retail trade was the largest sector within the business economy (at the level of NACE divisions) in 2001 among the seven countries that make-up the EU aggregate, both in terms of the number of enterprises (19.3 % of the total) and in terms of employment (12.3 % of the total number of persons employed). Nevertheless, it was, along with land transport and insurance, one of just three service sectors (at the division level), where the number of enterprises decreased between 1998 and 2001 (at an average rate of -0.2 % per annum). During the same period, however, the number of persons employed in the retail trade sector increased by 2.6 % per annum, and hence the average number of persons employed per enterprise increased from 2.7 to 3.0. This evolution suggests a shift from smaller to larger shops and/or from independent shops to chains. Nevertheless, retail trade enterprises remained among some of the smallest on average in the business economy, as only three other sectors (at the NACE division level) reported a lower average number of persons employed per enterprise, namely renting (2.8), auxiliary financial activities (2.2) and real estate activities (1.8).

Retail trade activities are classified according to the type of products they sell (food or non-food), their focus (specialised or not) and their type of outlet (in-store or not). In most countries, the majority of retail enterprises and the majority of persons employed were found in the non-food specialised retail trade sector, between half and two thirds of the total for both indicators. Due to their relatively large average size, non-specialised in-store retail trade enterprises (for example, supermarkets and department stores) accounted for a significant proportion of those employed, generally more than one quarter of the total. Food specialised in-store retail trade (for example, bakers, butchers and grocers) generally represented between 10 and 20 % of enterprises and 6 % to 12 % of employment, although Finland and Norway reported values well below these levels. Other notable differences included the relatively high shares of non-store retail trade (for example, open markets and mail order retailing) reported in Italy and the Netherlands.

### *Birth and death rates*

In the seven countries which make-up the EU aggregate, there were 108 200 births of new retail trade enterprises in 2001, down from 110 200 in 2000 and 109 500 in 1999. In relative terms, this meant that 6.9 % of all enterprises active in the retail trade sector in 2001 were enterprise births, compared with 7.0 % in both 1999 and 2000. In relation to the birth rates recorded for the whole of the business economy (8.3 %) or for the whole of services (8.4 %), the retail trade sector recorded relatively low birth rates in 2001.

Birth rates in retail trade for 2001 varied considerably across countries, from a low of 5.5 % in Belgium (2000) up to almost double that figure in Denmark (10.0 %) <sup>(41)</sup>. An alternative measure is to look at the density of enterprise births, as measured by the number of births in relation to the population aged between 20 and 59 years. In 2001, the average density was 14.3 new retail enterprises per 10 000 inhabitants, which was strongly influenced by the results recorded in Spain (19.8) and Italy (14.5), while the majority of countries recorded densities below 10 newly born enterprises per 10 000 inhabitants. The lowest rates were recorded in Portugal (4.5) and the Netherlands (5.6) - note that the data for Portugal excludes sole proprietors.

Confirming the negative evolution of the number of enterprises in the retail trade sector, Table 6.30 shows that the number of enterprise deaths generally outnumbered enterprise births in recent years in most countries. In 1999, only four countries (out of eleven) recorded more births than deaths while there were only two (out of nine) in 2000. This general reduction in the number of enterprises was spread across all retail trade sectors, although it affected retail trade not in stores less than the other activities. Figure 6.28 provides more detail with respect to the various retail trade subsectors and highlights differences in birth and death rates compared with the whole of retail trade <sup>(42)</sup>. Relatively high average birth and death rates were recorded for food specialised in-store retail trade in Sweden and Norway, and non-specialised in-store retail trade and repair in the United Kingdom. The most dynamic sector (as measured by cumulative birth and death rates) was usually the non-store retail trade sector - see Table 6.31. Indeed, the highest birth and death rates among retail trade activities were recorded in this sector in practically all countries.

<sup>(41)</sup> Belgium and the United Kingdom, 2000.

<sup>(42)</sup> Spain, not available; Belgium and Portugal, data not available for enterprise death rates.

Table 6.30: Enterprise births and deaths (units)

	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>Retail trade</b>												
<i>Number of enterprise births</i>												
1998	:	6 230	3 986	48 871	58 348	251	:	13 647	3 321	4 423	18 480	3 381
1999	109 450	5 218	4 148	47 222	45 975	251	5 407	12 741	2 664	3 783	20 595	2 709
2000	110 215	5 111	3 914	47 888	46 965	243	5 117	10 994	2 112	3 976	20 175	2 610
2001	108 152	:	3 621	46 056	47 002	235	5 189	2 559	2 166	3 883	:	2 677
<i>Number of enterprise deaths</i>												
1998	111 905	6 137	3 776	53 234	39 240	269	6 907	11 407	3 293	5 186	26 850	:
1999	119 449	8 362	3 917	45 512	55 010	272	7 005	10 308	3 011	4 722	25 725	2 485
2000	120 503	:	4 310	47 181	51 533	266	9 227	:	2 860	5 126	25 225	2 506
<b>Non-specialised in-store retail trade</b>												
<i>Number of enterprise births</i>												
1998	:	556	199	:	5 343	18	:	1 441	236	393	3 290	555
1999	:	465	197	:	3 651	26	192	1 064	240	354	3 705	376
2000	:	483	208	:	3 460	23	166	1 256	190	383	3 700	316
2001	:	:	201	:	3 354	19	183	149	170	418	:	301
<i>Number of enterprise deaths</i>												
1998	:	683	302	:	4 847	34	310	1 508	448	630	5 090	:
1999	:	887	299	:	7 051	31	311	1 110	446	584	4 960	399
2000	:	:	307	:	5 802	24	402	:	380	672	4 885	311
<b>Food specialised in-store retail trade</b>												
<i>Number of enterprise births</i>												
1998	:	947	439	:	8 936	19	:	2 140	205	609	2 580	203
1999	:	841	468	:	6 056	18	537	2 652	183	542	2 730	120
2000	:	808	491	:	5 246	24	500	1 814	113	602	2 710	147
2001	:	:	486	:	5 265	21	463	238	141	600	:	132
<i>Number of enterprise deaths</i>												
1998	:	1 005	519	:	6 723	27	1 057	2 197	252	951	6 500	:
1999	:	1 442	546	:	9 476	38	1 108	1 731	211	817	6 005	172
2000	:	:	593	:	8 577	23	1 427	:	199	881	5 395	126
<b>Non-food specialised in-store retail trade</b>												
<i>Number of enterprise births</i>												
1998	:	3 948	2 171	:	30 676	181	:	7 539	2 352	2 428	9 170	1 697
1999	:	3 385	2 263	:	26 099	177	3 447	6 808	1 855	2 056	10 025	1 323
2000	:	3 271	2 004	:	27 475	179	3 179	6 008	1 479	2 044	9 120	1 125
2001	:	:	1 869	:	26 895	167	3 211	2 098	1 522	1 937	:	1 278
<i>Number of enterprise deaths</i>												
1998	:	3 736	2 002	:	18 682	175	3 433	5 385	2 106	2 956	12 805	:
1999	:	5 149	2 087	:	26 722	170	3 732	5 338	1 919	2 621	12 180	1 290
2000	:	:	2 307	:	25 783	200	5 008	:	1 828	2 759	11 905	1 177
<b>Retail sale not in stores</b>												
<i>Number of enterprise births</i>												
1998	:	559	1 010	:	10 751	24	:	2 071	407	781	2 305	797
1999	:	356	1 048	:	8 531	:	999	1 642	293	663	2 810	787
2000	:	402	1 056	:	9 135	14	1 048	1 560	242	769	3 435	909
2001	:	:	930	:	10 176	22	1 142	45	248	762	:	866
<i>Number of enterprise deaths</i>												
1998	:	489	776	:	7 396	25	1 822	1 613	354	413	1 750	:
1999	:	560	851	:	9 792	27	1 571	1 719	309	451	1 835	500
2000	:	:	908	:	9 411	15	2 037	:	310	577	2 145	773
<b>Repair of personal and household goods</b>												
<i>Number of enterprise births</i>												
1998	:	220	167	:	2 642	9	:	456	121	212	1 135	129
1999	:	171	172	:	1 638	:	232	575	93	168	1 330	103
2000	:	147	155	:	1 649	3	224	356	88	178	1 205	113
2001	:	:	135	:	1 310	6	190	29	85	166	:	100
<i>Number of enterprise deaths</i>												
1998	:	224	177	:	1 587	8	285	704	133	236	705	:
1999	:	324	134	:	1 969	6	283	410	126	249	745	124
2000	:	:	195	:	1 959	4	353	:	143	237	900	119

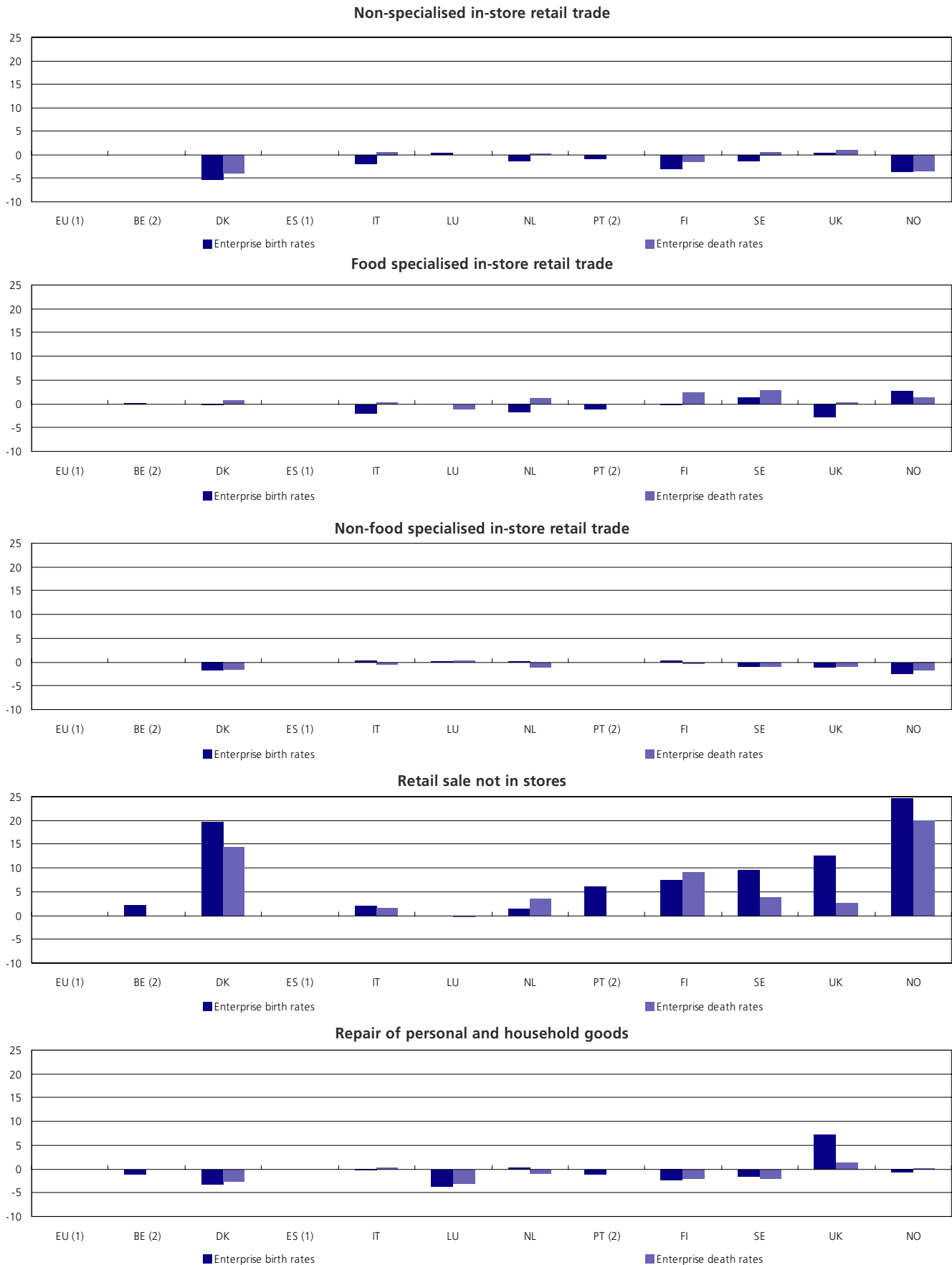
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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Figure 6.28: Absolute difference between enterprise birth and death rates compared with the retail trade average, 2000 (percentage points)



(1) Not available.

(2) Enterprise death rates, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Table 6.31: Enterprise birth and death rates (%)

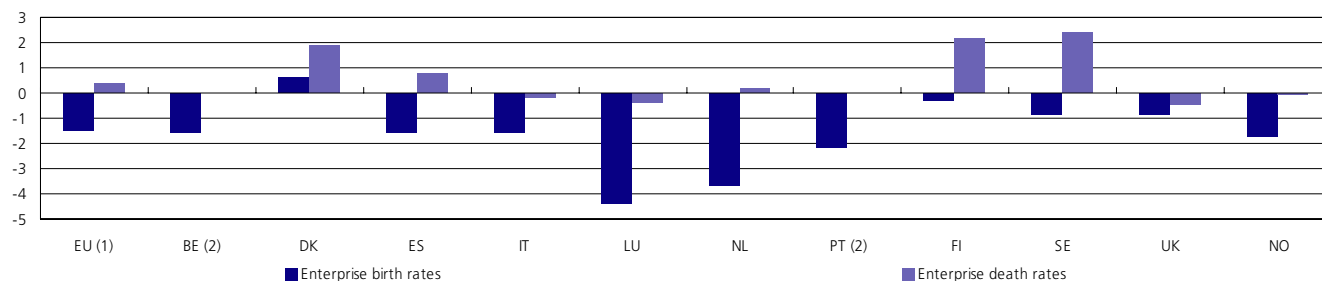
	EU (1)	BE	DK	ES	IT	LU	NL	PT (2)	FI	SE	UK	NO
<b>Retail trade</b>												
<i>Enterprise birth rates</i>												
1998	:	6.4	11.0	8.1	7.9	8.1	:	6.8	10.4	6.8	7.2	11.0
1999	7.0	5.4	11.3	8.0	6.1	8.2	6.0	6.3	8.5	5.9	8.2	8.9
2000	7.0	5.5	10.6	8.1	6.2	8.0	5.8	5.4	7.0	6.2	8.1	8.6
2001	6.9	:	10.0	7.8	6.2	7.9	6.1	6.1	7.4	6.1	:	8.8
<i>Enterprise death rates</i>												
1997	:	9.7	10.5	8.3	7.4	8.3	:	6.3	8.8	8.6	10.3	:
1998	7.1	6.3	10.4	8.9	5.3	8.7	7.5	5.7	10.3	7.9	10.5	:
1999	7.6	8.7	10.7	7.7	7.3	8.9	7.8	5.1	9.6	7.3	10.2	8.2
2000	7.7	:	11.6	8.0	6.8	8.8	10.4	:	9.5	8.0	10.1	8.2
<b>Non-specialised in-store retail trade</b>												
<i>Enterprise birth rates</i>												
1998	:	5.9	4.8	:	6.4	6.2	:	5.2	4.5	4.9	7.4	8.5
1999	:	5.0	4.9	:	4.4	9.3	4.9	3.9	4.7	4.5	8.4	5.8
2000	:	5.4	5.3	:	4.4	8.5	4.4	4.5	4.0	4.9	8.4	4.9
2001	:	:	5.3	:	4.6	7.2	5.2	3.4	3.8	5.7	:	4.7
<i>Enterprise death rates</i>												
1997	:	11.4	8.1	:	7.8	10.7	:	8.6	8.0	8.2	11.4	:
1998	:	7.3	7.3	:	5.8	11.6	7.7	5.5	8.5	7.8	11.4	:
1999	:	9.6	7.5	:	8.6	11.0	7.9	4.1	8.8	7.5	11.2	6.1
2000	:	:	7.8	:	7.3	8.8	10.6	:	8.0	8.6	11.1	4.8
<b>Food specialised in-store retail trade</b>												
<i>Enterprise birth rates</i>												
1998	:	6.2	9.0	:	7.2	5.8	:	5.0	11.0	7.2	4.3	13.4
1999	:	5.5	9.7	:	4.8	5.6	4.2	6.2	10.3	6.6	5.0	9.0
2000	:	5.5	10.2	:	4.3	7.9	4.1	4.3	6.8	7.5	5.3	11.3
2001	:	:	10.4	:	4.4	7.0	4.1	5.3	9.0	7.5	:	10.6
<i>Enterprise death rates</i>												
1997	:	10.7	10.5	:	7.4	9.1	:	4.0	11.7	10.5	10.6	:
1998	:	6.6	10.6	:	5.4	8.3	8.0	5.1	13.5	11.2	11.0	:
1999	:	9.5	11.3	:	7.6	11.9	8.7	4.0	11.8	9.9	11.0	12.8
2000	:	:	12.3	:	7.1	7.6	11.7	:	11.9	10.9	10.6	9.7
<b>Non-food specialised in-store retail trade</b>												
<i>Enterprise birth rates</i>												
1998	:	6.3	9.8	:	7.7	8.2	:	7.0	11.2	5.9	6.9	8.9
1999	:	5.4	10.1	:	6.3	8.0	6.3	6.2	9.0	5.1	7.7	7.1
2000	:	5.3	8.8	:	6.6	8.1	5.9	5.4	7.4	5.1	7.1	6.1
2001	:	:	8.4	:	6.4	7.7	6.1	6.5	7.7	5.0	:	6.9
<i>Enterprise death rates</i>												
1997	:	8.9	9.0	:	6.6	7.7	:	5.8	8.3	8.3	9.7	:
1998	:	5.9	9.0	:	4.7	7.9	6.4	5.0	10.0	7.2	9.7	:
1999	:	8.2	9.3	:	6.5	7.7	6.9	4.9	9.3	6.5	9.3	6.9
2000	:	:	10.2	:	6.2	9.1	9.2	:	9.1	6.9	9.2	6.4
<b>Retail sale not in stores</b>												
<i>Enterprise birth rates</i>												
1998	:	10.4	34.5	:	9.8	12.8	:	14.8	22.4	19.7	17.8	36.7
1999	:	6.8	32.1	:	7.6	:	6.6	11.7	16.7	15.0	19.2	33.5
2000	:	7.8	30.4	:	8.1	8.0	7.2	11.3	14.5	15.7	20.6	33.2
2001	:	:	26.5	:	8.9	12.0	8.2	13.6	15.1	14.4	:	29.5
<i>Enterprise death rates</i>												
1997	:	12.4	28.9	:	9.5	9.4	:	13.0	19.1	9.5	13.0	:
1998	:	9.1	26.5	:	6.8	13.3	10.9	11.5	19.5	10.4	13.5	:
1999	:	10.6	26.0	:	8.7	14.3	10.4	12.3	17.6	10.2	12.5	21.3
2000	:	:	26.1	:	8.4	8.6	14.0	:	18.6	11.8	12.9	28.2
<b>Repair of personal and household goods</b>												
<i>Enterprise birth rates</i>												
1998	:	6.0	7.8	:	9.7	11.8	:	5.1	6.0	5.4	18.0	8.5
1999	:	4.7	8.1	:	5.9	:	6.1	6.6	4.7	4.2	18.6	7.2
2000	:	4.3	7.3	:	6.0	4.3	6.0	4.2	4.6	4.5	15.4	7.9
2001	:	:	6.5	:	4.9	8.3	5.3	4.3	4.6	4.3	:	7.0
<i>Enterprise death rates</i>												
1997	:	10.0	7.7	:	10.2	10.5	:	5.4	4.3	7.3	10.3	:
1998	:	6.1	8.3	:	5.8	10.5	7.3	7.9	6.6	6.0	11.2	:
1999	:	9.0	6.3	:	7.1	8.2	7.4	4.7	6.4	6.3	10.4	8.6
2000	:	:	9.1	:	7.1	5.7	9.5	:	7.4	6.0	11.5	8.3

(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Sole proprietors not covered in 2001.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

Figure 6.27: Absolute difference between enterprise birth and death rates for retail trade and for the business economy average, 2000 (percentage points)



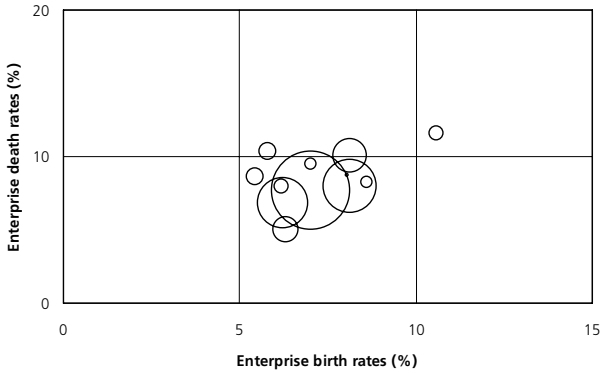
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Enterprise death rates, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

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**Figure 6.29: Enterprise birth and death rates, relative to the number of newly born enterprises (indicated by the size of the plot), retail trade, for selected countries, 2000 (%) (1)**



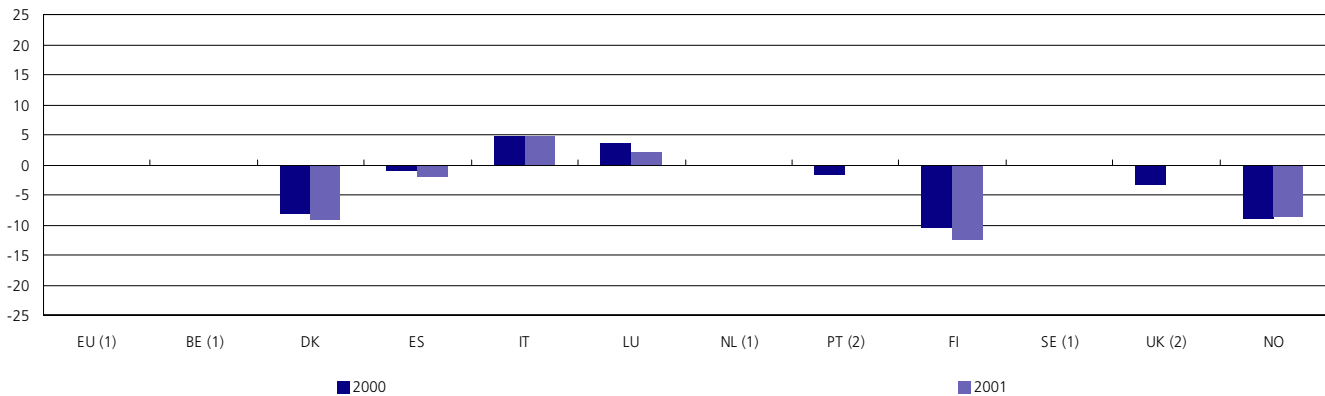
(1) The circles represent the countries for which data are available; Belgium and Portugal, 1999.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

### Survival rates

The survival rate of retail trade enterprises was in most cases slightly lower than in the rest of the business economy, with the notable exception of Italy and Luxembourg - see Figures 6.30, 6.34 and 6.38. Within retail trade subsectors, retail sale not in-store consistently produced the lowest survival rates, in contrast with repair activities, where the highest survival rates were often reported. Furthermore, among specialised in-store enterprises, non-food specialists generally recorded higher survival rates than food-specialists (see Figures 6.32 and 6.36). This could be interpreted as a sign that specialised food retailers face greater competitive pressures from non-specialised retailers (for example large supermarket chains) than other specialised retail trade outlets (selling, for example, clothes, shoes, household goods, books or medical goods).

**Figure 6.30: Absolute difference between the proportion of enterprises born in 1998 surviving to 2000 and 2001 for retail trade and for the business economy average (percentage points)**

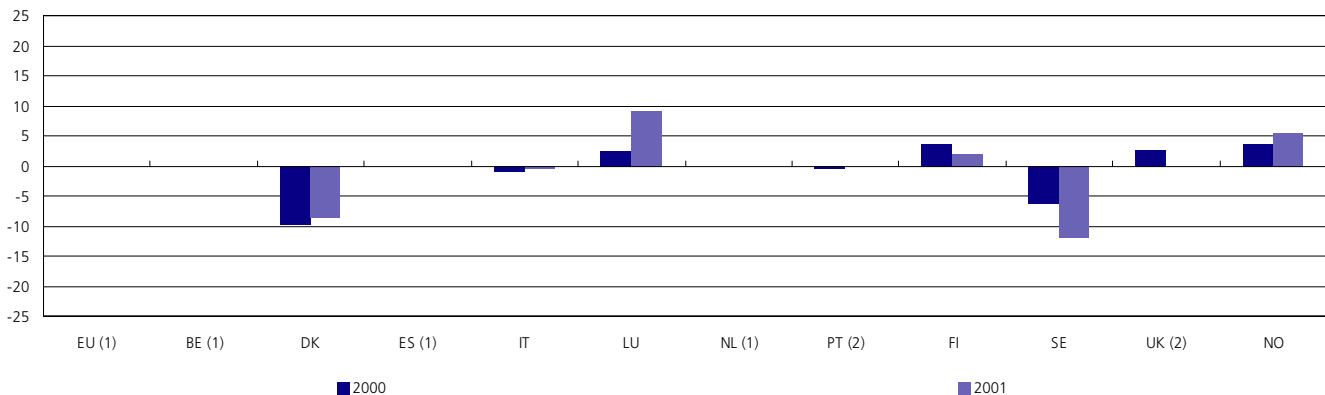


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.31: Absolute difference between the proportion of enterprises born in 1998 surviving to 2000 and 2001 for non-specialised in-store retail trade and for the retail trade average (percentage points)**

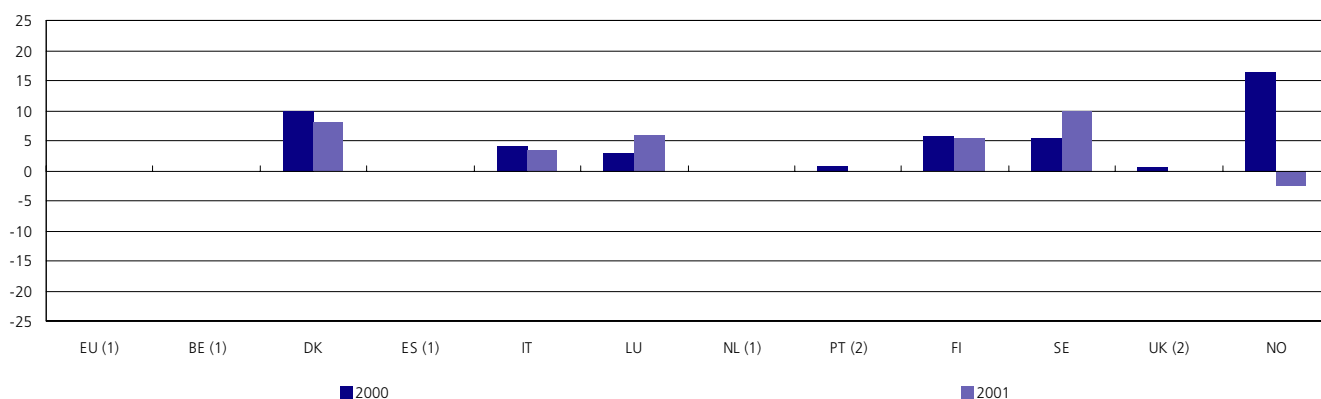


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.32: Absolute difference between the proportion of enterprises born in 1998 surviving to 2000 and 2001 for non-food specialised in-store retail trade and for food specialised in-store retail trade (percentage points)**

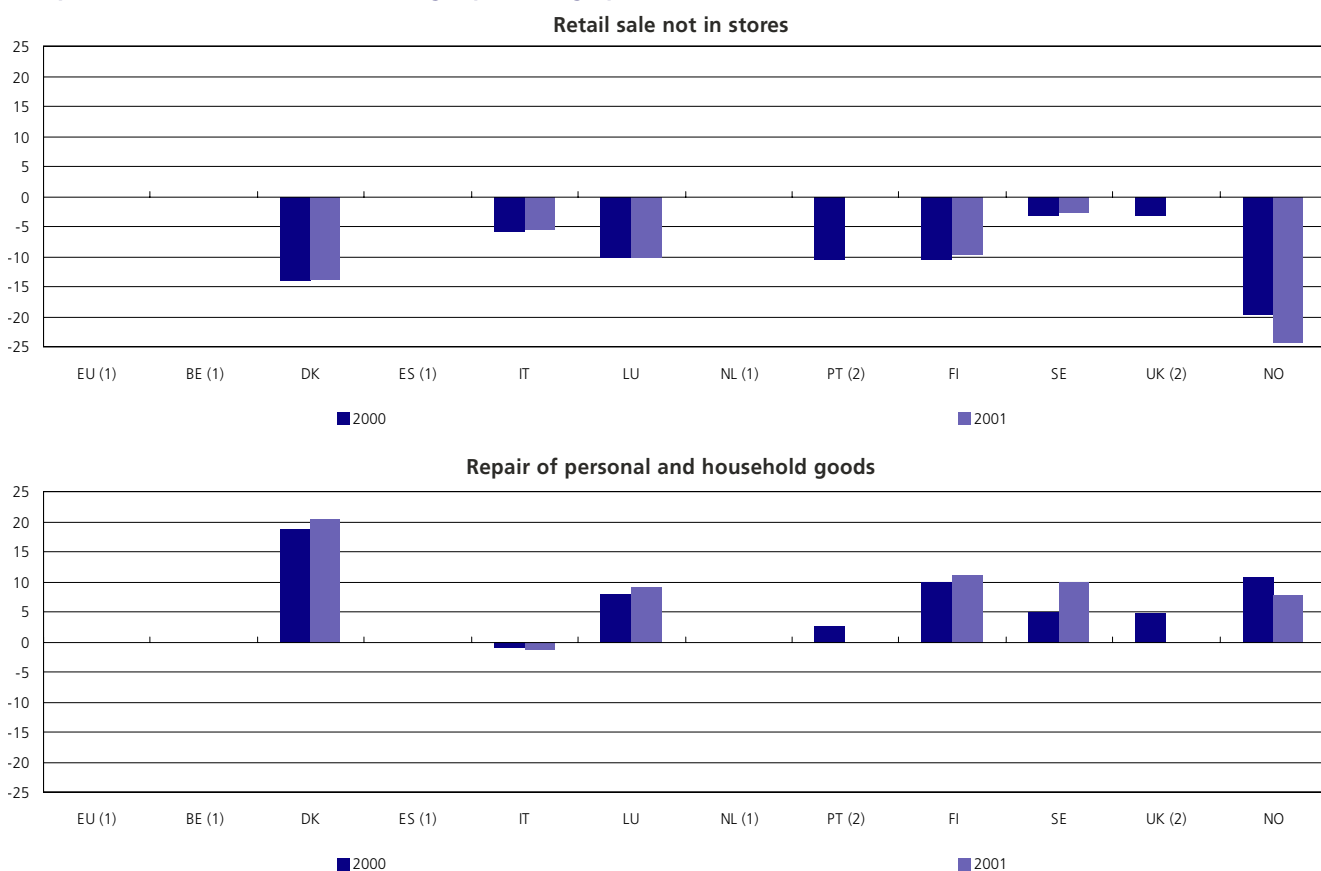


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.33: Absolute difference between the proportion of enterprises born in 1998 surviving to 2000 and 2001 compared with the retail trade average (percentage points)**



(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).



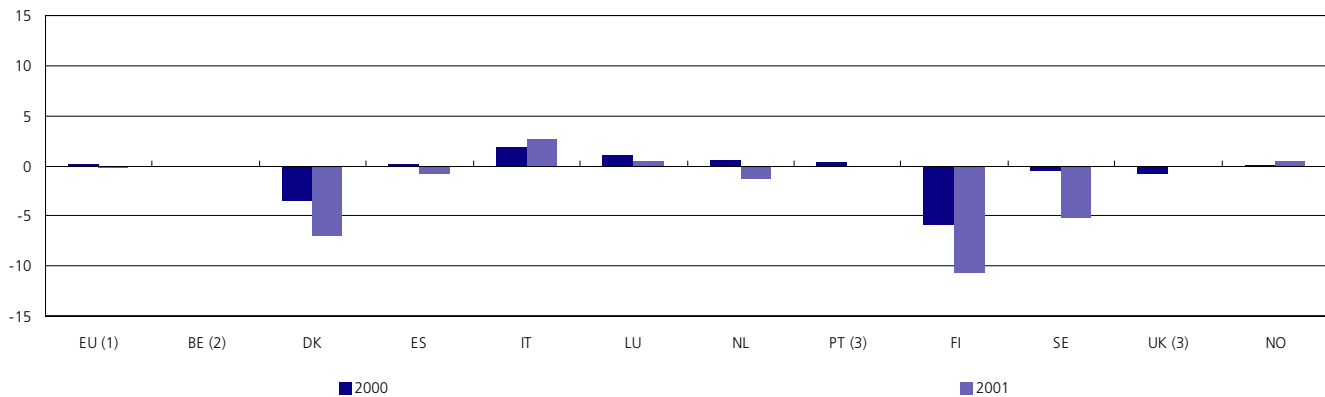
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**Table 6.32: Enterprise births in 1998 and survival rates**

	EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
<i>Retail trade</i>												
Number of enterprises born in 1998 (units)	:	6 230	3 986	48 871	58 348	251	:	13 647	3 321	4 423	18 480	3 381
Survival rate after one year (%)	:	:	77.6	81.5	87.3	92.0	:	94.1	77.3	95.2	90.2	80.1
Survival rate after two years (%)	:	:	55.6	68.2	76.0	80.9	:	69.8	57.9	79.9	74.6	65.9
Survival rate after three years (%)	:	:	44.3	59.8	67.1	68.5	:	:	46.7	66.4	:	58.2
<i>Non-specialised in-store retail trade</i>												
Number of enterprises born in 1998 (units)	:	556	199	:	5 343	18	:	1 441	236	393	3 290	555
Survival rate after one year (%)	:	:	71.4	:	86.9	94.4	:	93.4	83.1	95.9	92.1	83.8
Survival rate after two years (%)	:	:	45.7	:	75.0	83.3	:	69.3	61.4	73.5	77.2	69.5
Survival rate after three years (%)	:	:	35.7	:	66.6	77.8	:	:	48.7	54.5	:	63.8
<i>Food specialised in-store retail trade</i>												
Number of enterprises born in 1998 (units)	:	947	439	:	8 936	19	:	2 140	205	609	2 580	203
Survival rate after one year (%)	:	:	75.2	:	86.2	100.0	:	94.0	70.7	94.3	88.8	76.4
Survival rate after two years (%)	:	:	52.4	:	74.7	78.9	:	71.4	53.7	76.7	73.4	57.6
Survival rate after three years (%)	:	:	42.4	:	66.1	63.2	:	:	42.4	60.1	:	68.5
<i>Non-food specialised in-store retail trade</i>												
Number of enterprises born in 1998 (units)	:	3 948	2 171	:	30 676	181	:	7 539	2 352	2 428	9 170	1 697
Survival rate after one year (%)	:	:	82.0	:	89.0	91.7	:	95.3	78.4	95.7	89.5	85.9
Survival rate after two years (%)	:	:	62.3	:	78.8	81.8	:	72.2	59.3	82.2	74.1	74.1
Survival rate after three years (%)	:	:	50.4	:	69.5	69.1	:	:	48.0	70.0	:	66.0
<i>Retail sale not in stores</i>												
Number of enterprises born in 1998 (units)	:	559	1 010	:	10 751	24	:	2 071	407	781	2 305	797
Survival rate after one year (%)	:	:	68.9	:	83.6	87.5	:	90.1	69.5	93.5	90.5	65.2
Survival rate after two years (%)	:	:	41.5	:	70.0	70.8	:	59.2	47.4	76.8	71.4	46.3
Survival rate after three years (%)	:	:	30.4	:	61.7	58.3	:	:	37.1	63.6	:	33.9
<i>Repair of personal and household goods</i>												
Number of enterprises born in 1998 (units)	:	220	167	:	2 642	9	:	456	121	212	1 135	129
Survival rate after one year (%)	:	:	86.2	:	87.2	88.9	:	93.9	81.8	97.2	92.5	84.5
Survival rate after two years (%)	:	:	74.3	:	74.9	88.9	:	72.6	67.8	84.9	79.3	76.7
Survival rate after three years (%)	:	:	64.7	:	65.9	77.8	:	:	57.9	76.4	:	65.9

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.34: Absolute difference between the proportion of enterprises born in 1999 surviving to 2000 and 2001 for retail trade and for the business economy average (percentage points)**



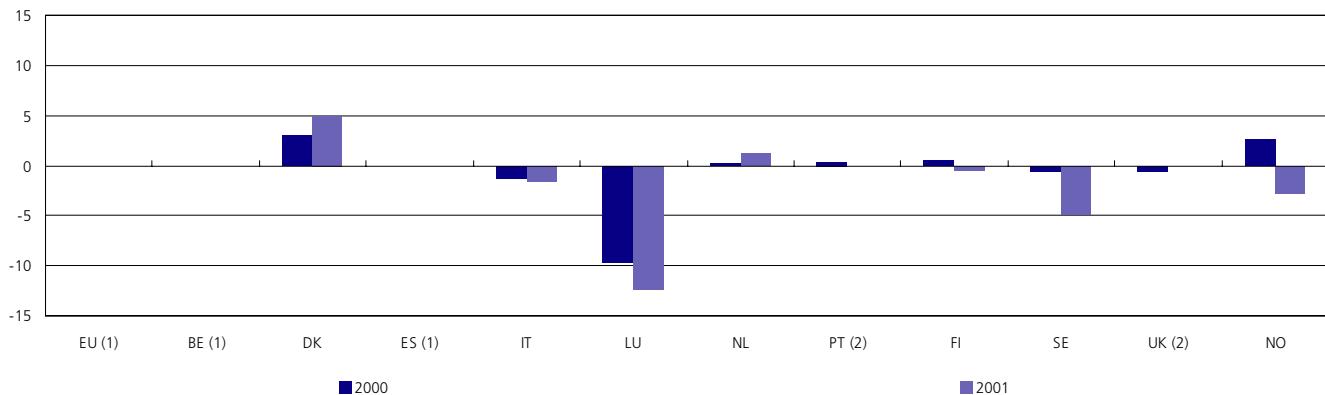
(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

(3) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.35: Absolute difference between the proportion of enterprises born in 1999 surviving to 2000 and 2001 for non-specialised in-store retail trade and for the retail trade average (percentage points)**

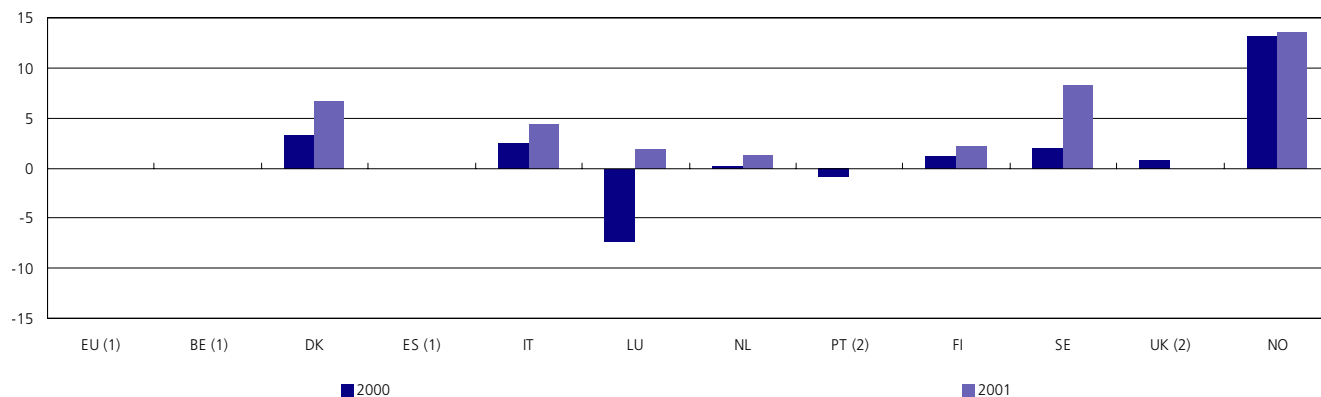


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.36: Absolute difference between the proportion of enterprises born in 1999 surviving to 2000 and 2001 for non-food specialised in-store retail trade and for food specialised in-store retail trade (percentage points)**

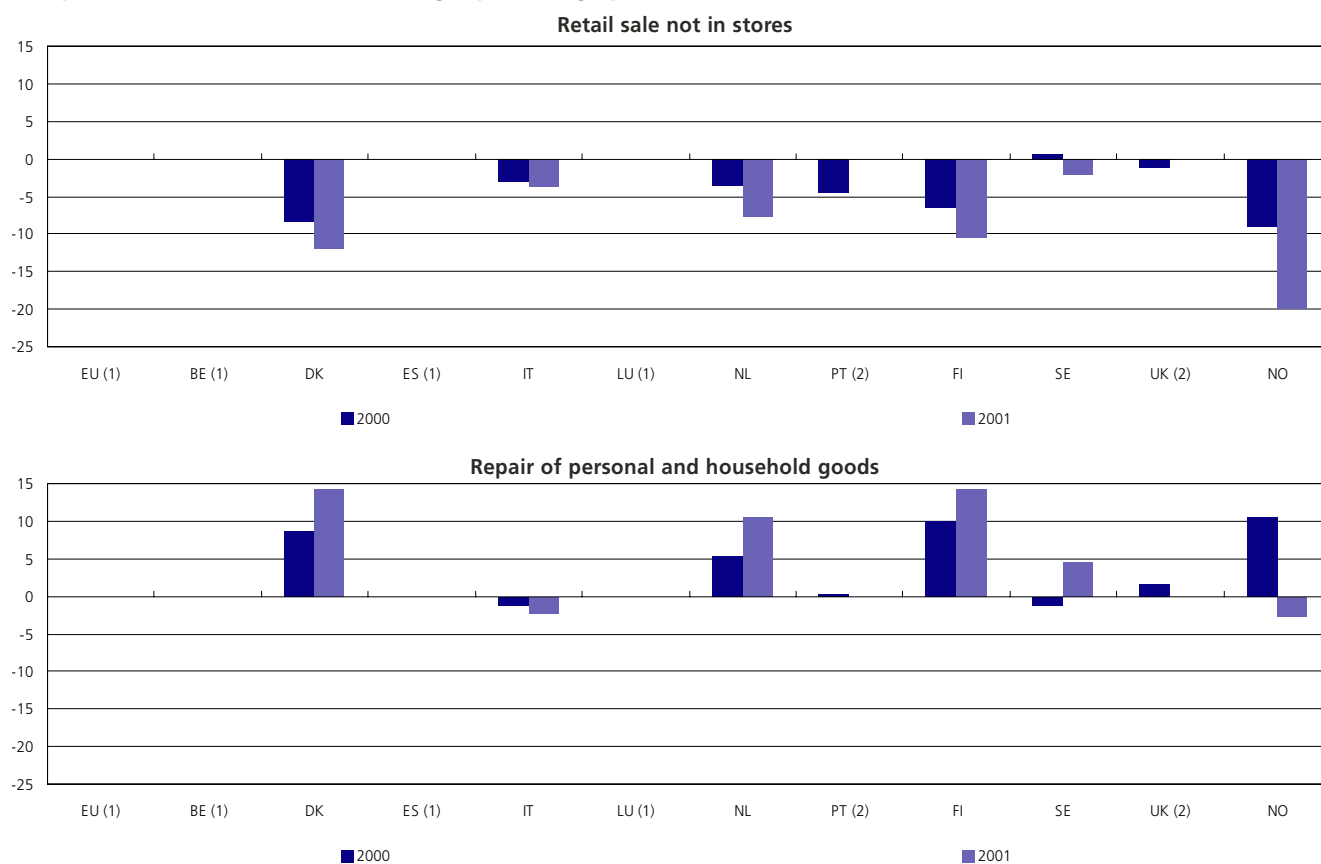


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.37: Absolute difference between the proportion of enterprises born in 1999 surviving to 2000 and 2001 compared with the retail trade average (percentage points)**

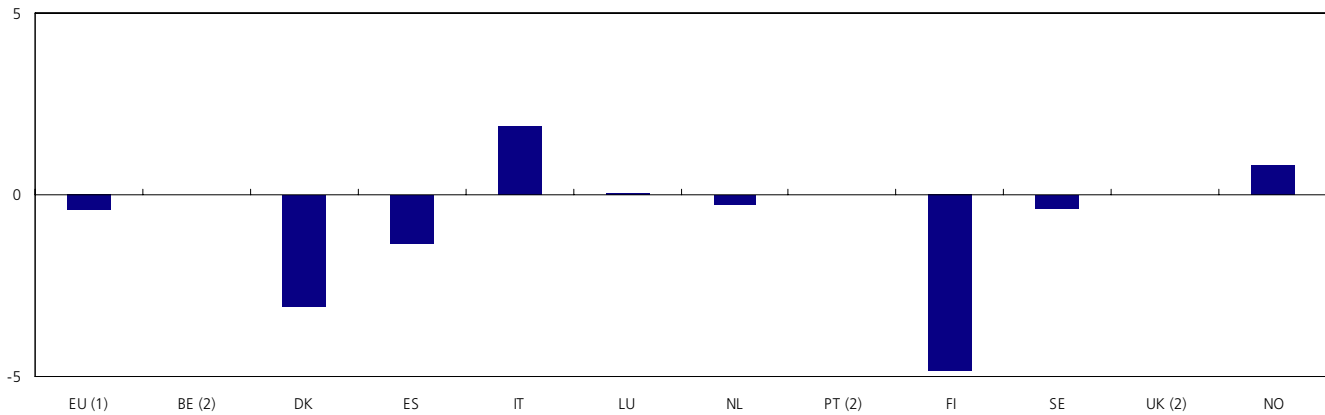


(1) Not available.

(2) 2001, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.38: Absolute difference between the proportion of enterprises born in 2000 surviving to 2001 for retail trade and for the business economy average (percentage points)**

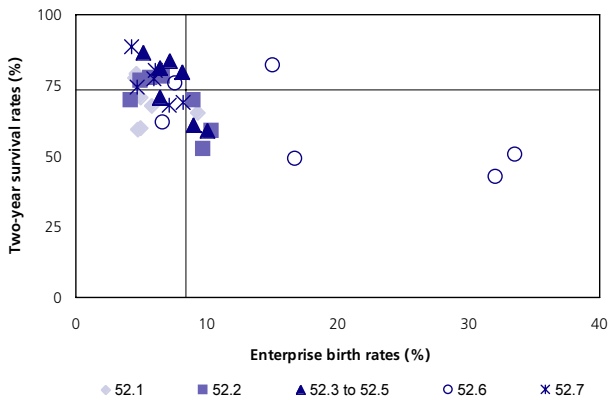


(1) Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

(2) Not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

**Figure 6.39: Enterprise birth rates in 1999 and two-year survival rates, retail trade, for selected countries (%) (1)**



(1) The plots represent the countries and activities for which data are available; data are presented for Denmark, Italy, Luxembourg, the Netherlands, Finland, Sweden and Norway; axes are set as the business economy average for an EU average composed of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden only.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

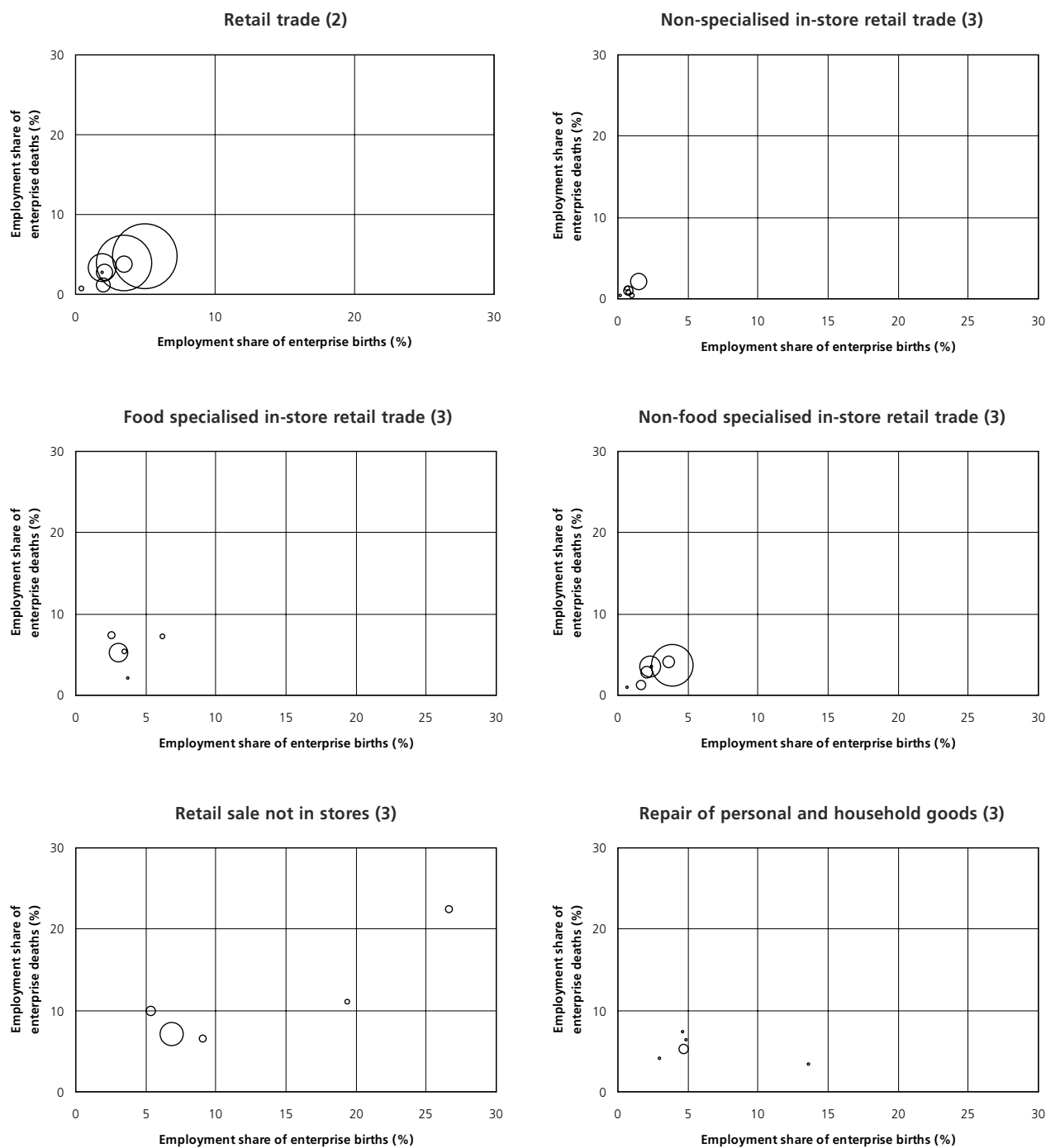
Figure 6.39 shows that while birth rates in the retail trade sector were generally lower than in the rest of the business economy, two-year survival rates were distributed above and below the average. A negative relationship appeared to exist between these indicators; this relationship could be interpreted as a characteristic of the sector, insofar as low barriers to entry stimulate enterprise creation, while other factors (for example, a lack of management experience, limited market research, high levels of competition) drive a large number of new entrants rapidly out of business.

**Changes in employment as a result of enterprise demographics**

The impact of enterprise births on employment within the retail trade sector can be measured, in a first instance, by looking at the proportion of persons employed by newly born enterprises. In 2001, some 3.5 % of all persons employed in the retail trade sector were working in a newly born enterprise, while the corresponding rate for the whole of the business economy was 3.0 %. However, the ratio registered in the retail trade sector was in keeping with that recorded for the whole of services (3.4 %).

Only 26.3 % of the persons working in newly born retail trade enterprises were paid employees, which was among the lowest shares in the whole of the business economy (at the level of NACE divisions) and which was considerably lower than the 39.3 % average recorded for the whole business economy or the 34.6 % average recorded for services. These figures underline the important role of self-employment and family workers within the retail trade sector.

Figure 6.40: Employment share of enterprise births and employment share of enterprise deaths, relative to the number of persons employed by newly born enterprises (indicated by the size of the plot), for selected countries, 2000 (%) (1)



(1) The circles represent the countries for which data are available; some circles are so small that they are not visible in the graphs.

(2) Belgium, Portugal and the United Kingdom, not available.

(3) Belgium, Spain, Portugal and the United Kingdom, not available.

Source: Eurostat (NewCronos/theme4/SBS/Bus\_Demo).

## 7. METHODOLOGICAL NOTES

There have been two harmonised data collections so far, the first in 2002, and the second in 2003. Details of the first data collection exercise are initially given and these are followed by changes that were introduced for the second data collection exercise.

### FIRST HARMONISED DATA COLLECTION EXERCISE

The first data collection exercise using a harmonised methodology was conducted in 2002. The following information describes the data request.

#### Statistical unit

The statistical unit used for this data collection exercise was the enterprise. If this unit was not available, the data could be produced starting from legal units, as the end result of the various checks to be performed will be statistics on real enterprise births and deaths.

#### Coverage and breakdowns

Data was requested broken down by the NACE Rev. 1 activity classification and by enterprise size (measured in terms of the number of employees).

#### NACE

Coverage	Detail	Extra breakdowns
Section C	Subsections	None
Section D	Subsections	Separately Divisions 30, 32 and 33 and Groups 31.3, 33.2 and 33.3
Section E	Divisions	None
Section F	Divisions	None
Section G	Divisions	Separately Groups 51.1, 52.1, 52.2, 52.3, 52.4, 52.5, 52.6 and 52.7 and Classes 51.64, 52.11, 52.12
Section H	Divisions	Aggregates of Groups 55.1, 55.2 and 55.3, 55.4 and 55.5
Section I	Divisions	Group 64.2
Section J	Divisions	None
Section K	Divisions	Separately Groups 72.1 to 72.6, 74.1 (excluding 74.15) to 74.8 and Classes 71.33 and 74.11 to 74.14
Section M	Divisions	None
Section N	Divisions	None
Section O	Divisions	None

#### Size-classes in terms of number of employees

- 0 (no) employees;
- 1 to 4 employees;
- 5 to 9 employees;
- 10 to 19 employees;
- 20 or more employees;
- Total (of all size-classes).

#### Reference populations

Different sub-populations were identified for this data collection exercise:

- Nxx active enterprises;
- Rxx real enterprise births;
- Dxx real enterprise deaths.

Where xx represents the last two digits of the 'base year'. For example, R98 indicates the population of the enterprises born in 1998.

Important note: the NACE activity and size-class to which each enterprise is classified refers to the year specified by the reference population. For example, when looking at the reference population R98 (enterprises born in 1998), and reporting the number of enterprises that survived one year after birth (in other words to 1999), the surviving enterprises are classified with the same NACE and size-class as they had in 1998, which may well be different from their real activity and size classification in 1999 (if, for example, the enterprise has grown or changed activity).

This method has the advantage that a sub-population such as the enterprises born in a particular year can be observed (and followed) over time without the confusion of units moving between activity and size strata. A disadvantage is that the sub-population of new enterprises that survive (for 1, 2, or more years) is not coherent with the population of active enterprises in the same year. For example, in a particular activity and size strata, the number of enterprises born in 1998 (population R98) that survived to 2000 may be larger than the number of active enterprises in 2000 (N00), which at first sight is confusing. Information on the reference population of active enterprises in a particular year should therefore only be compared with reference populations of births and deaths that take place in the same year.

#### Reference period

The basic reference period for the data collected is the year. There are three basic types of variables in the data set from which a number of indicators are derived, namely: the number of enterprises, the turnover value and the number of persons employed. For each of these a cohort of enterprises can be identified in relation to active enterprises, newly born enterprises, surviving enterprises and enterprise deaths. It is possible to track the performance of enterprises over time by studying the data for a particular cohort over successive reference periods.

## 7. METHODOLOGICAL NOTES

### SECOND HARMONISED DATA COLLECTION EXERCISE

#### Statistical unit

No change.

#### Coverage and breakdowns

Data was requested broken down by the NACE Rev. 1 activity classification, broken down on the one hand by enterprise size (measured in terms of the number of employees) and on the other hand by legal form.

#### NACE

Coverage	Detail	Extra breakdowns
Section C	Subsections	None
Section D	Subsections	Separately ICT manufacturing, and the remainder of Subsection DL
Section E	Divisions	None
Section F	Divisions	None
Section G	Divisions	Separately Groups 52.1, 52.2, 52.6 and 52.7, as well as an aggregate of Groups 52.3, 52.4 and 52.5; ICT wholesaling (Classes 51.43, 51.64 and 51.65); the remainder of Division 51
Section H	Divisions	Aggregates of Groups 55.1, 55.2 and 55.3, 55.4 and 55.5
Section I	Divisions	Group 64.2
Section J	Divisions	None
Section K	Divisions	Separately Class 71.33 and the rest of Division 71; separately Groups 72.1 to 72.6; separately Groups 74.1 (excluding Class 74.15) to 74.8; separately operational and professional services; knowledge-intensive business services
Section M	Divisions	None
Section N	Divisions	None
Section O	Divisions	None

#### Size-classes in terms of number of employees

No change.

#### Legal forms

- sole proprietors: personally owned and no limit to personal responsibility;
- limited liability companies: private or publicly quoted joint stock companies with limited liability for those owning shares;
- partnerships and other legal forms: both unlimited and limited liability partnerships (owned by more than one natural person, not as growth oriented as limited liability companies) should be included in this group as well as co-operatives, associations and others;
- total (of all legal forms).

#### Reference populations

No change.

#### Variables

The following extra variables were collected in the 2003 exercise.

- number of enterprises in the reference period (t) newly born in t-3 that survived to t;
- number of persons employed in the reference period (t) among enterprises newly born in t that survived to t+3;
- number of enterprises in the reference period (t) newly born in t-3 that survived to t;
- number of persons employed in the reference period (t) among enterprise deaths in t.

#### DATA COMPILATION

Although practices vary somewhat between countries, the data processing stage generally starts by establishing a series of annual snapshots of the business register. The populations in each of these snapshots are then matched in order to identify target populations to be able to follow each unit across the time period considered. Other sources may then be used to update some of the information (such as employment or turnover).

It should be noted that enterprise births are classified according to their activity and size-class strata in the year in which they were born. For the evaluation of survival and growth rates these classifications are fixed for the duration of the study. On the other hand, for the population of active enterprises and indicators relating to enterprise deaths, activity and size-class information reflect the classification for each reference year.

#### Data processing and validation

Upon reception, the data provided by the national statistical institutes are validated. This involves a pre-treatment to align data to the standard transmission format when this has not been fully respected. If activity and size-class aggregations have not been provided these are also calculated. If they have been provided they are checked for coherency. In addition to the standard NACE classification, a number of special activity aggregates are created.

Coherency between variables is verified, for example, to ensure that there are not more surviving enterprises, for any given strata, than there were births in the previous year. A check is also made to ensure that all data sets are complete in terms of variables provided and activity and size-class coverage. In the event that records are missing, verification is done to see if this is because the data is not available or because there are no enterprises in the strata concerned.

All data are treated for confidentiality. The information is supplied to Eurostat with at least primary confidentiality indicated. Some of the countries that participated in the exercise also treated the data for secondary confidentiality (in other words, values that are not confidential in their own right, but need to be treated as confidential in order to ensure a full protection of other confidential cells). Confidentiality may arise for a number of criteria, in particular, small counts (for example, strata with less than a specified number of units (for example, 3 or 4 units) are considered as confidential) or dominance criteria. A full treatment of primary and secondary confidentiality is carried out on reception of the data and proposals to change or add confidential flags are agreed with the supplying national statistical institute. Data declared as confidential are suppressed from the public data set and these cells are marked with a flag in the final data set that is disseminated on NewCronos and used in publications.

### Variable definitions

The population of active enterprises refers to enterprises that were 'active' at any time during the reference period, even for a limited period of time. 'Activity' is defined as any employment or turnover during the reference year. If this information is not available, a national indicator that verifies that the unit is 'active' is used instead. Enterprise births refer to units that are genuine enterprise births, born from scratch, without the involvement of other units. Enterprise deaths relate to real enterprise deaths, where the enterprise activity has really terminated. Deaths are not confirmed until after two years to exclude the possibility of a unit being reactivated. Hence, cases such as pure changes of legal form, mergers, break-ups or restructuring events are included neither in enterprise birth data, nor enterprise death data. Turnover is collected for the reference period, while employment refers to an annual average head count over the reference period. A more comprehensive glossary of terms and definitions is provided on page 134.

### Divergence from standard data collection procedures

All EU Member States and Norway participated in the 2002 harmonised data collection on business demography, with the exception of Germany, Greece and Austria. In 2003, Belgium and Ireland also did not participate. Some countries provided data for use solely to test the feasibility of the data collection and to assist in developing methodology (France and Ireland, for example) and these data have not been disseminated.

### Belgium

No data was provided for the second harmonised data collection.

*Rounding:* some of the values of for turnover are rounded to the nearest EUR million (the nearest thousand in the data as the values are already expressed in EUR thousand). This can cause some small differences between the size-class total and the sum of the individual size-classes, or between activity levels.

### Denmark

The only source used was the Statistical Business Register (SBR).

*Coverage:* VAT threshold and coverage: the VAT threshold, for all reference years, was DKK 20 000 (EUR 2 683 at the 2000 exchange rate). Due to other sources used in the updating of the Business Register the estimated total coverage of all active units is 99 %. In 1999, the merging of several administrative registers may have led to some over-coverage in that year. This has also caused some problems in identifying the continuity of the unit between 1998 and 1999.

*Coherence:* all employment variables are measured as full time equivalents (FTEs) and hence the employment measures may not respect expected relationships, for example with the number of enterprises. In some cases it is possible to have more enterprises than persons employed.

*Deviations from general methodology guidelines:* for the second harmonised data collection exercise treatment of take-overs of individual LKAUs has changed compared to the first harmonised data collection. There have also been changes in the order of matching procedures.

### Spain

Business demography data are compiled from the Spanish business register, integrated with some estimates made specially for the project.

*Coverage:* VAT threshold and coverage - VAT sources are not used to compile the business register so this has no impact on coverage. Information on the VAT threshold is not available.

Duplicated units, which represent about 0.1 % of the population, are removed every year with ad-hoc procedures. After this process, the rate of duplicates remaining in the register is insignificant.

Spanish data for turnover variables are not available for the 1999 reference year.

*Activity detail:* the activity detail provided was at the Division level of NACE Rev. 1. This has been converted to the standard request for dissemination on NewCronos.

*Coherence:* the number of persons employed was estimated as no reliable administrative sources could be used for the number of unpaid persons employed.

Turnover (for the second harmonised data collection exercise) in 2001 of enterprises newly born in 2000 is in fact the turnover of these newly born enterprises that also survived until the end of 2001.

Turnover in 2001 of the stock of active enterprises in 2001 is in fact the turnover of these active enterprises that also survived until the end of 2001.



## 7. METHODOLOGICAL NOTES

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### Italy

Business demography data are compiled entirely from the Italian Business Register (ASIA). No other sources are combined with this information.

*Coverage:* several sources are used for the updating of the Business Register and the coverage of active units is estimated to be very good. Units having no sign of activity, in other words no employment or turnover, and performing solely a non-profit activity are not covered.

*Activity coverage:* no data are available for Division 91.

*Coherence:* Coherency between NACE Groups and Divisions (first harmonised data collection only) - a few enterprises are classified in ASIA using only the 2-digit NACE code. No more detailed information is available to allocate them to a specific activity. It is therefore the case that the values for some Divisions are higher than the sum of the values of the corresponding NACE Groups, for a given variable and year. These differences are in general very low, as this problem affects a very small number of enterprises.

The quality of the 1998 data is affected by the reintegration into the Business Register of some units that had previously existed. This has led to artificially high numbers of enterprise births and deaths for that year.

### Luxembourg

Data was compiled using the Business register only.

*Coverage:* the VAT threshold for all reference years was EUR 10 000. Coverage for the activities included in the business demography project is believed to be around 98 % - 99 %.

The coverage of the self-employed without employees might be about 66 % to 75 % in general. No precise figures are available for the moment. Good coverage of doctors, for example, is also very difficult to achieve.

*Coherence:* in a number of cases there are more enterprises than persons employed. The number of persons employed has been estimated by adding one or two working proprietors (depending on the legal form) to the number of employees. The quality of the result by using this estimation method seems to be quite good, at least in overall terms. However, for some size-class breakdowns (mainly the no employee class) the number of enterprises was greater than the number of persons employed.

*Deviations from general methodology guidelines:* in general, the methodological guidelines were followed, except for the matching procedure. Due to the lack of record matching software, matching could only be performed on exact matching of strings or sub-strings. There were slight deviations from the guidelines concerning survivals.

### The Netherlands

The current study uses four sources of information. The Business Register (BR) provides the population of units. Three other sources are used to distinguish between active and non-active enterprises. These sources also provide necessary information on turnover and/or on the number of employees. These are: Value Added Taxes (VAT), Corporate tax, the Survey on Labour and Wages. Between the first and second harmonised data collection exercises the maintenance of at least some aspects of the Dutch business register is believed to have improved.

*Coverage:* there is not a threshold for VAT, but natural persons with small enterprises can be exempted from the administrative burden (although the entrepreneur has to convince the tax authorities in some way). In general the coverage of the register is believed to be around 99 % (except for Section A which is not included in the business demography project). Some units in the liberal professions that have no employees in paid employment may be missing.

Registration at the social security administration is only for enterprises with employees in paid employment.

The primary source for the updating of the business register is the registration of the Chambers of Commerce. The time lag between registration at the Chambers of Commerce and registration at the statistical business register is half a month on average. The time lag between registration at the statistical business register and the actual start of economic activities is about three months on average. So, this will result in a little over-coverage. The time lag between the actual end of economic activities and deregistration is unknown, and long. In fact, many registered units will never become active. On average about 20 % of registered enterprises are not active. Moreover, units may be over-covered by duplication or by misinterpretation of statistical units. The matching steps in the harmonised procedure gives an impression on this.

*Coherence:* all employment variables are measured as full time equivalents (FTEs).

In the current working procedure, all enterprises that do not meet the selection criteria as defined for activity are classified as inactive. This may lead to a considerable underestimation of the actual active population.



## Portugal

For the second harmonised data collection exercise there was a coverage problem leading to the exclusion of sole proprietors - consequently there is a break in series for Portuguese data between the data from the first and second harmonised data collection exercises.

Business demography data are compiled using the Portuguese Business Register complemented with information from the following additional sources: harmonised business survey; business dissolution survey.

### Harmonised Business Survey

The Harmonised Business Survey covers all the NACE Sections except J, L, P and Q. For each sector of activity of the survey, the legal forms considered are sole proprietorships, partnerships, companies and co-operatives. This source observes active legal units for the reference period by means of a sample survey. For the first harmonised data collection on Business Demography, survey responses by the active units were retained without extrapolation in order to provide more up-to-date values for persons employed, turnover and number of employees.

### Business Dissolution Survey

The Business Dissolution Survey is an exhaustive survey, conducted on a monthly basis, in which Notary Offices are surveyed about the number of dissolutions of enterprises, as a result of statutory requirements. The scope of the survey is limited to enterprises having the legal form of partnerships and companies. The results obtained include the Legal Person Number of dissolved enterprises and the causes of dissolution: the simple decision to dissolve the enterprise, take-over, merger, break-up or restructuring. However, the moment of the dissolution of an enterprise can differ from the moment of the cessation of economic activity of that enterprise, as well as the fact that cessation of activity is not always followed by the dissolution in the Notary Offices.

*Coverage:* the VAT threshold, for all reference years, is EUR 9 976. This threshold does not affect the coverage of the register as VAT files are not used for the creation of units.

*Legal form coverage and detail:* the legal form coverage is incomplete for the second harmonised data collection, as it excludes sole proprietors. As such, for the data from the second harmonised data collection only: i) the sole proprietors are not available as a separate legal form; ii) the total of legal forms is incomplete, and; iii) all of the size-class data covers all legal forms except sole proprietors.

*Coherence:* the estimation of the number of employees was based on information from the Harmonised Business Survey.

The fiscal source was not used to update turnover for corporation and partnerships for the second harmonised data collection exercise, which relies therefore on business survey data, and as such this data is provisional.

## Finland

Business demography data are compiled entirely from the Finnish Business Register. No other sources are combined with this information.

*Coverage:* the VAT threshold, for all reference years, is FIM 50 000, which corresponds to EUR 8 409.5 at the 2001 exchange rate. The estimated coverage of the Business Register, for enterprises falling below this VAT threshold, is about 95 %. Of these registered enterprises, 90 % are included on the basis of information from sources other than VAT, while for the remaining 10 % information is from voluntary VAT registration.

Time lags in the registration of the information about enterprises' creations can cause under-coverage in the register. At the same time, time lags in the registration of the information about enterprises' death can cause some over-coverage.

The standard data request did not include employment or turnover for active enterprises for the 1997 reference year, nor for turnover among active enterprises for the 1998 reference year.

*Coherence:* all employment variables are measured as full time equivalents (FTEs). No reliable source was available to produce head counts.

The matching of enterprise names has changed between the first and second harmonised data collection exercises - the impact of this change is not thought to be great, as failures to match based on the name were probably picked up as matches using different methods.

There is an incoherence between data on survivors in 2001 and the population of enterprises born in 1998, 1999 and 2000. This incoherence occurs in the size-class concerning 20 or more employees. As a result, particularly low survival rates may be recorded. Generally these have been removed from this publication.

### Sweden

Business demography data are compiled from the Swedish Business Register. To compile annual populations for the reference years 1996 to 2001, different versions of the Business Register have been used. Information from the financial statistics and taxation information from external sources have been utilised to obtain information on turnover.

In the first harmonised data collection exercise the legal unit was the starting point and after checks had been performed results were compiled for the enterprise, whereas for the second harmonised data collection exercise the enterprise has been used throughout.

*Coverage:* no VAT threshold is used for any of the reference years between 1997 and 2001.

It is estimated that under-/over-coverage due to lags or duplications is contained within  $\pm 1$  %.

It is estimated that, in recent years, under-coverage of between 1 and 1.5 % affects newly started enterprises, due to missing activity codes.

*Coherence:* in some cases it is possible that for a specific year, activity and size-class, the number of enterprises is higher than the number of persons employed. This is due to the technique used to estimate the number of persons employed from the number of employees. In particular, for limited liability companies, the number of persons employed is set equal to the number of employees.

Since 1 January 1996 there has not been a threshold for paying VAT. This means that demographic variables such as birth, death, survival and growth are in general not directly affected by changes in the threshold. However, the elimination of the threshold resulted in many enterprises appearing on the register in 1996 and 1997 that had previously been below the threshold. These enterprises had not previously been checked and as this was progressively done many of these enterprises turned out to be inactive enterprises. This does not affect enterprise births, but the effects can be seen in the figures on enterprise deaths where real enterprise deaths are considerably higher in 1997 than in 1998 and 1999.

In the matching procedure, the use of location has been refined between the first and second harmonised data collection exercises to take account of a recent agreement on the standard presentation of addresses, and the implementation of this in the various sources.

### The United Kingdom

Business demography data are compiled entirely from the Inter-Departmental Business Register - IDBR. No other sources are combined with this information.

*Coverage:* VAT threshold and coverage: the VAT thresholds for the reference periods are: GBP 49 000 (1 December 1997), GBP 50 000 (1 April 1998), GBP 51 000 (1 April 1999), GBP 52 000 (1 April 2000), GBP 54 000 (1 April 2001), GBP 56 000 (10 April 2003).

There are approximately 2 million enterprises on the UK statistical business register, including approximately 700 000 enterprises below the VAT threshold, of which approximately half are registered for VAT on a voluntary basis. It is estimated that there are a further 700 000 - 800 000 genuine enterprises that are not included on the register. These are generally sole proprietors, possibly operating on a part-time basis, with no employees and a low turnover.

There is a birth lag which reflects the difference between the actual birth of the unit in the real world and when it joins the IDBR. Similarly there is a death lag, from when the business winds down and dies in the real world and informs the tax authorities (HM Customs & Excise) who will only delete it when all accounts are settled. Some summary statistics produced show that: i) two thirds of businesses are on the register within 2 months of start-up; ii) the mean lag is 4 months due to 'outliers'; iii) the median lag is approximately 40 days; iv) there are some pre-registration negative lags.

*Coherence:* all counts of enterprises have been rounded to the nearest 5. This can cause some differences between the data for size-class total and the sum of the single size-classes, or between upper and lower levels of NACE (for example, between NACE sections and subsections).

## Norway

Data was compiled using the Central Register of Establishments and enterprises only.

*Coverage:* the VAT thresholds for the reference periods are: EUR 3 741 (1997); EUR 3 544 (1998); EUR 3 610 (1999); EUR 3 698 (2000); EUR 3 698 (2001) (using the 2000 exchange rate). For some units (non-profit organisations) the threshold is NOK 140 000 (EUR 17 256 at the 2000 exchange rate). It is estimated that nearly all of the units under this threshold are covered by the register either through voluntary VAT registration or from other sources. In general the coverage of the register is believed to be around 99 %.

Note that the service sector was included in the Norwegian VAT legislation from 1 July 2001 and as a result the coverage in this sector is better in 2001 than in previous years. The coverage of personally owned enterprises is better in 2001 than in previous years.

There is a considerable time lag between when a legal unit actually gives up its activity and this being recorded. In some cases, turnover and employment is estimated in SBS on previously active units, and these data are then used to define enterprises as active.

The standard data request did not include employment or turnover for active enterprises for the 1997 reference year, nor for turnover among active enterprises for the 1998 reference year.

*Coherence:* in some cases it is possible that for a specific year, activity and size-class, the number of enterprises is higher than the number of persons employed. This is due to the technique used to estimate the number of persons employed from the number of employees. In particular, for limited liability companies, the number of persons employed is set equal to the number of employees.

Note that the improved coverage of the services sector in Norway may have resulted in an increase in the number of births and also in the level of turnover reported.

*Deviations from general methodology guidelines:* matching procedures were not accurate, because of the low priority given to the development of specific software for matching on other variables than exact identification numbers.

The required manual check was not done carefully enough because the time between data availability and the deadline for the harmonised data collection was too short.

The legal unit has been used instead of the enterprise.

Enterprise deaths in 2000 were not checked for reactivation, since the population of active enterprises in 2002 was not available. Deaths where the enterprises still had employees were removed from the file. Based on the percentage of reactivation in 2001 (deaths in 1999), a sample of enterprise deaths was removed from deaths in 2000.

### GLOSSARY OF TERMS AND DEFINITIONS

#### Administrative sources

Administrative sources are sources containing information that is not primarily collected for statistical purposes.

*Source:* Business Registers Recommendations Manual, paragraph 20.3.

#### Enterprise

The enterprise is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

*Source:* Council Regulation (EEC) No 696/93, Section III A of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community.

#### Full-time equivalent units

Full-time equivalent units are used in annual business statistics to improve the comparability of measures of employment. Figures for the number of persons working less than the standard working time of a full-year, full-time employee should be converted into full time equivalents, with regard to the working time of a full-year, full-time employee in the unit. Included in this category are people working less than a standard working day, less than the standard number of working days in the week, or less than the standard number of weeks/months in the year. The conversion should be carried out on the basis of the number of hours, days, weeks or months worked.

*Source:* Definition of SBS Regulation variables.

#### Growth

The term growth is used in business demography to study how cohorts of enterprises develop. Growth is measured in terms of a change in size (in this case employment) over time. It is expected that growth for real births will generally be positive (for those enterprises that have survived) as the vast majority are very small at the time of start-up. There will be occasional cases for births, and more frequent cases for the population of active enterprises, where the growth measured in this way will be negative.

*Source:* Business Demography Recommendations Manual.

#### NACE Rev. 1

NACE Rev. 1 was adopted in order to establish a common statistical classification of economic activities within the European Community. Furthermore, NACE aims to ensure comparability between national and community classifications and hence national and community statistics. The coding of NACE Rev. 1 comprises:

- a first level consisting of headings identified by an alphabetical code (Sections);
- an intermediate level consisting of headings identified by a two-character alphabetical code (Subsections);
- a second level consisting of headings identified by a two-digit numerical code (Divisions);
- a third level consisting of headings identified by a three-digit numerical code (Groups);
- a fourth level consisting of headings identified by a four-digit numerical code (Classes).

*Source:* Methodological introduction to NACE Rev. 1, Statistical Classification of Economic Activities in the European Community, Eurostat, May 1996.

#### Number of active enterprises

A count of enterprises that had either turnover or employment at any time during a given reference period. If there is insufficient information on turnover or employment to determine whether or not an enterprise is active, then national methods leading to this aim will be accepted.

*Source:* Based on the Business Demography Recommendations Manual.

#### Number of births of enterprises

A count of the number of births of enterprises registered to the population concerned in the business register, corrected for errors. A birth amounts to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, spin-offs or restructuring of enterprises. Births do not include entries into a sub-population resulting only from a change of activity.

*Source:* Definition of SBS Regulation variables.

#### Number of deaths of enterprises

A count of the number of deaths of enterprises registered to the population concerned in the business register, corrected for errors. A death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs, break-ups or restructuring of enterprises. Deaths do not include exits from a sub-population resulting only from a change of activity.

*Source:* Definition of SBS Regulation variables.

### Number of enterprises

A count of the number of enterprises registered to the population concerned in the business register, corrected for errors, in particular frame errors. Dormant units are excluded. This statistic should include all units active during at least a part of the reference period.

*Source:* Definition of SBS Regulation variables.

### Number of persons employed

The number of persons employed is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (for example, sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (for example, sick leave, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll.

The number of persons employed excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service.

Unpaid family workers refer to persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform. This is limited to those persons who are not included on the payroll of another unit as their principal occupation.

*Source:* Definition of SBS Regulation variables.

### Structural business statistics

The objective of the Council Regulation on structural business statistics is to establish a common framework for the collection, compilation, transmission and evaluation of Community statistics on the structure, activity, competitiveness and performance of businesses in the Community. The compilation of structural business statistics has as its purpose, in particular, to analyse:

- the structure and evolution of the activities of businesses;
- the factors of production used and other elements allowing business activity, performance and competitiveness to be measured;
- the regional, national, Community and international development of businesses and markets;
- business conduct;
- small and medium-sized enterprises;
- specific characteristics of enterprises related to particular groupings of activities.

*Source:* Council Regulation (EC, EURATOM) No 58/97 of 20 December 1996 concerning structural business statistics, articles 1 and 2.

### Structural indicators

The Lisbon European Council conclusions (paragraph 36) asked for an agreed set of structural indicators to be used to underpin the analysis in the Commission's annual spring report to the spring European Council. Structural indicators should allow an objective assessment of the progress being made towards the Lisbon European Council's objectives, which were expanded upon in Gothenburg and further refined in Stockholm and Barcelona. The Commission and the Council agree upon a set of structural indicators annually. These indicators cover six areas at present: general economic background, employment, innovation and research, economic reform, social cohesion and the environment.

*Source:* Communication from the Commission on structural indicators COM (2003) 5 final.

### Survival

The survival of an enterprise is defined in the following way: an enterprise born in year  $t$  is considered to have survived in year  $t+1$  if it is active in terms of turnover and/or employment in any part of year  $t+1$  (= survival without changes); an enterprise is also considered to have survived if the linked legal unit(s) have ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (= survival by take-over).

*Source:* Business Demography Recommendations Manual.

### Turnover

Turnover comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties. Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of the VAT invoiced by the unit vis-à-vis its customer and other similar deductible taxes directly linked to turnover. It also includes all other charges (for example, transport, packaging) passed on to the customer, even if these charges are listed separately in the invoice. Reductions in prices, rebates and discounts, as well as the value of returned packing must be deducted. Income classified as other operating income, financial income and extra-ordinary income in company accounts is excluded from turnover. Operating subsidies received from public authorities or the institutions of the European Union are also excluded.

*Source:* Definition of SBS Regulation variables.

### ABBREVIATIONS

EEC	European Economic Community
EC	European Community
EU	European Union; Used in the commentary, tables and graphs to represent the sum/average of seven of the Member States participating in the data collection exercise, namely, Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden
BE	Belgium
DK	Denmark
ES	Spain
IT	Italy
LU	Luxembourg
NL	the Netherlands
PT	Portugal
FI	Finland
SE	Sweden
UK	the United Kingdom
NO	Norway
ECU	European currency unit
EUR	Euro
BEF/LUF	Belgian franc
DKK	Danish krone
ESP	Spanish peseta
ITL	Italian lira
NLG	Dutch guilder
PTE	Portuguese escudo
FIM	Finnish markka
SEK	Swedish krone
GBP	Pound sterling
NOK	Norwegian krone
BR	business register
EURATOM	European Atomic Energy Community
Eurostat	Eurostat is one of the Directorates-General of the European Commission; also known as ESTAT
FTEs	full-time equivalents
IDBR	inter-departmental business register
GDP	gross domestic product
ICT	information and communication technologies
KIBS	knowledge-intensive business services
NACE Rev. 1	statistical classification of economic activities in the European Community revision 1
n.e.c.	not elsewhere classified
PPS	purchasing power standard
Q1	first quartile
Q3	third quartile
SBS Regulation	structural business statistics Regulation
VAT	value added tax
:	not available

**NACE Rev. 1**

NACE is a hierarchical classification made up of Sections (1-letter codes), Sub-sections (2-letter codes), Divisions (2-digit codes), Groups (3-digit codes) and Classes (4-digit codes). NACE establishes a direct link between the European classification and the internationally recognised ISIC Rev. 3 developed under the auspices of the United Nations. These two classifications are directly compatible at the 2-digit level and the lower levels of ISIC Rev. 3 can be calculated by aggregating the more detailed levels of NACE.

<b>NACE code</b>	<b>Simplified NACE label</b>
C	Mining & quarrying
D	Manufacturing
DA	Food, beverages & tobacco manufacture
DB	Textiles/products manufacture
DC	Leather/products manufacture
DD	Wood/products manufacture
DE	Pulp, paper/products manufacture; publishing & printing
DF	Coke, refined petroleum products & nuclear fuel
DG	Chemicals/products & man-made fibres manufacture
DH	Rubber/products manufacture
DI	Other non-metallic mineral products manufacture
DJ	Basic metals & fabricated metal products manufacture
DK	Machinery & equipment manufacture n.e.c.
DL	Electrical & optical equipment manufacture
DM	Transport equipment manufacture
DN	Manufacturing n.e.c.
E	Electricity, gas & water supply
F	Construction
G	Distribution
50	Sale, maintenance & repair of motor vehicles
51	Wholesale trade & commission trade, except of motor & motorcycles
52	Retail trade, except of motor vehicles, motorcycles; repair of personal & household goods
52.1	Retail sale in non-specialized stores
52.2	Retail sale of food, beverages, tobacco in specialized stores
52.3 to 52.5	Retail sale of pharmaceutical, medical goods, cosmetic; other retail sale of new goods in specialized stores; retail sale of second-hand goods in stores
52.6	Retail sale not in stores
52.7	Repair of personal & household goods
H	Hotels & restaurants
I	Transport, storage & communication
60	Land transport; transport via pipelines
61	Water transport
62	Air transport
63	Supporting & auxiliary transport activities; activities of travel agencies
64	Post & telecommunications
64.2	Telecommunications
J	Financial intermediation
65	Financial intermediation, except insurance & pension funding
66	Insurance & pension funding, except compulsory social security
67	Activities auxiliary to financial intermediation
K	Real estate, renting & business activities *
70	Real estate activities
71	Renting of machinery & equipment without operator & of personal & household goods
71.33	Renting of office machinery & equipment including computers
72	Computer & related activities
73	Research & development



## 7. METHODOLOGICAL NOTES

74	Other business activities *
74.11-74.14	Legal, accounting, book-keeping & auditing activities; tax consultancy; market research & public opinion polling; business & management consultancy
74.2	Architectural & engineering activities & related technical consultancy
74.3	Technical testing & analysis
74.4	Advertising
74.5	Labour recruitment & provision of personnel
74.6	Investigation & security activities
74.7	Industrial cleaning
74.8	Miscellaneous business activities n.e.c.
74.81+74.83	Photographic, secretarial and translation activities
74.82+74.84	Packaging and other business activities

\* For the purposes of this business demography project Class 74.15 is excluded from the coverage of these activities.

For the purposes of analysis a number of special aggregates were requested as part of the second harmonised data collection exercise; the labels used and their definitions are presented in the following list.

Special aggregate	Simplified NACE label (NACE code)
Business economy	mining & quarrying; manufacturing; electricity, gas & water supply; construction; distribution; hotels & restaurants; transport, storage & communication; financial intermediation; real estate, renting & business activities (NACE Sections C to K)
Industry	mining & quarrying; manufacturing; electricity, gas & water supply (NACE Sections C, D and E)
ICT	ICT manufacturing and ICT services
ICT manufacturing	office machinery and equipment; insulated wires and cables; radio, television and communication equipment and apparatus; instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment; industrial process control equipment (NACE Division 30, Group 31.3, Division 32, and Groups 33.2 and 33.3)
Services	distribution; hotels & restaurants; transport, storage & communication; financial intermediation; real estate, renting & business activities (NACE Sections G to K)
ICT services	ICT wholesale; telecommunications; and ICT consultancy (NACE Classes 51.43, 51.64 and 51.65; Group 64.2; Class 71.33 and Division 72);
ICT wholesale	the wholesale of electrical household appliances and radio and television goods; the wholesale of office machinery and computers; the wholesale of other machinery for use in industry, trade and navigation (NACE Classes 51.43, 51.64 and 51.65)
Non-food specialised retailing in stores	retail sale of pharmaceutical and medical goods, cosmetic and toilet articles; other retail sale of new goods in specialized stores; retail sale of second-hand goods in stores (NACE Groups 52.3 to 52.5)
ICT consultancy	the renting of office machinery and equipment, including computers; computer and related activities (NACE Class 71.33 and Division 72)
Knowledge-intensive business services	computer and related activities (NACE Division 72) and professional services (definition provided below)
Professional services	legal, accounting, book-keeping & auditing activities; tax consultancy; market research & public opinion polling; business & management consultancy; architectural & engineering activities & related technical consultancy; technical testing & analysis; advertising; photographic activities; secretarial and translation activities (NACE Classes 74.11 to 74.14, Groups 74.2 to 74.4, Classes 74.81 and 74.83)
Operational services	labour recruitment and provision of personnel; investigation & security activities; industrial cleaning; packaging activities; other business activities n.e.c. (NACE Groups 74.5 to 74.7, Classes 74.82 and 74.84)