

# **“Examining Republic of Ireland’s Low Enterprise Churn Rate, using Eurostat and related data sources”**

***11 TH ANNUAL NERI LABOUR MARKET CONFERENCE 23/05/23***

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# Summary

- Enterprise Churn Rate is Enterprise Births Rate Plus Enterprise Deaths Rate
- OECD (2019) assesses Enterprise Churn in ROI as relatively low.
- Examination of Eurostat data 2009/22 for seven economies
- Shows that yes, ROI total business economy birth rates and death rates and so churn rates are indeed low
- For enterprises sized 10 or over, however, ROI birth-rates, death rates and so churn rates are middle ranking of the seven economies
- So ROIs relatively low enterprise churn rate is an issue of MICRO-ENTERPRISE
- Northern Ireland tends to have higher Enterprise Birth rates, death rates and churn rates than the ROI, even though the region tends to be lowest within the UK.
- Comparing sectors Churn rates within ROI shows some variation, with Information and Comms at the higher end
- Comparing sectoral Churn Rates for ROI within the seven economies, shows similar results – low in total enterprises, middling in enterprises engaging 10+
- Comparing sectoral 5 year survival rates internationally shows ROI is uniquely high at both overall and sectoral level
- In both NI and ROI, the more urban areas tend to have higher Enterprise Birth Rates.
- Review of possible causes of ROI relatively low Enterprise Churn Rates is inconclusive
- Key Policy question is *“what should be the appropriate policy goals for business dynamism and enterprise structure – especially should increasing the enterprise death rate (lowering the survival rate) be a core policy goal, for a Small Open Economy/Region”*

# THE ISSUE

- ***Definitions***

- Enterprise Birth Rate (EBR) – No of newly created enterprises as % of total enterprises
- Enterprise Death Rate (EDR) - No of closed/exited enterprises as % of total enterprises
- **Enterprise Churn Rate (ECR) - Enterprise Birth Rate Plus Enterprise Death Rate**
- Employer B/D/C Rates – of those with at least one employee
- Total Enterprises Rates – of all enterprises of all sizes
- 10+ Enterprises Rates – of all enterprises with 10 or more engaged

- ***Databases***

- Eurostat EU
- ONS UK
- CSO RoI
- NISRA NI

# Sources/References MICROs

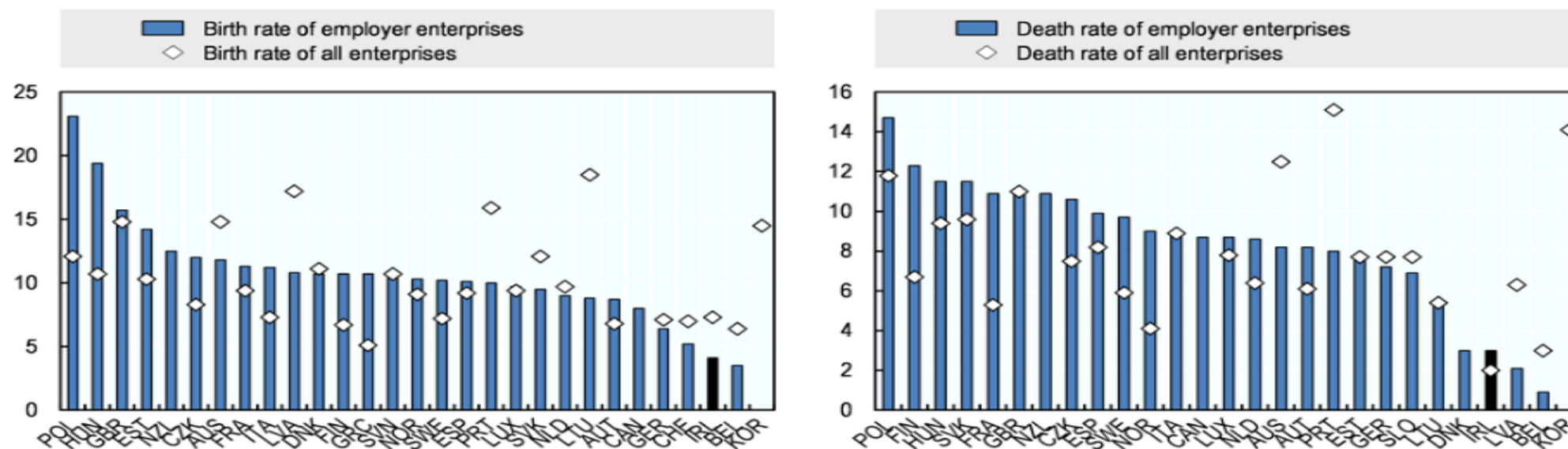
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OECD (2019) “Both the employer enterprise birth rate and death rates, are much lower in Ireland compared to most other OECD countries. In 2015, Ireland's birth rate was around 3% lower than the OECD average of 10% and half that of the UK rate at 14%.”

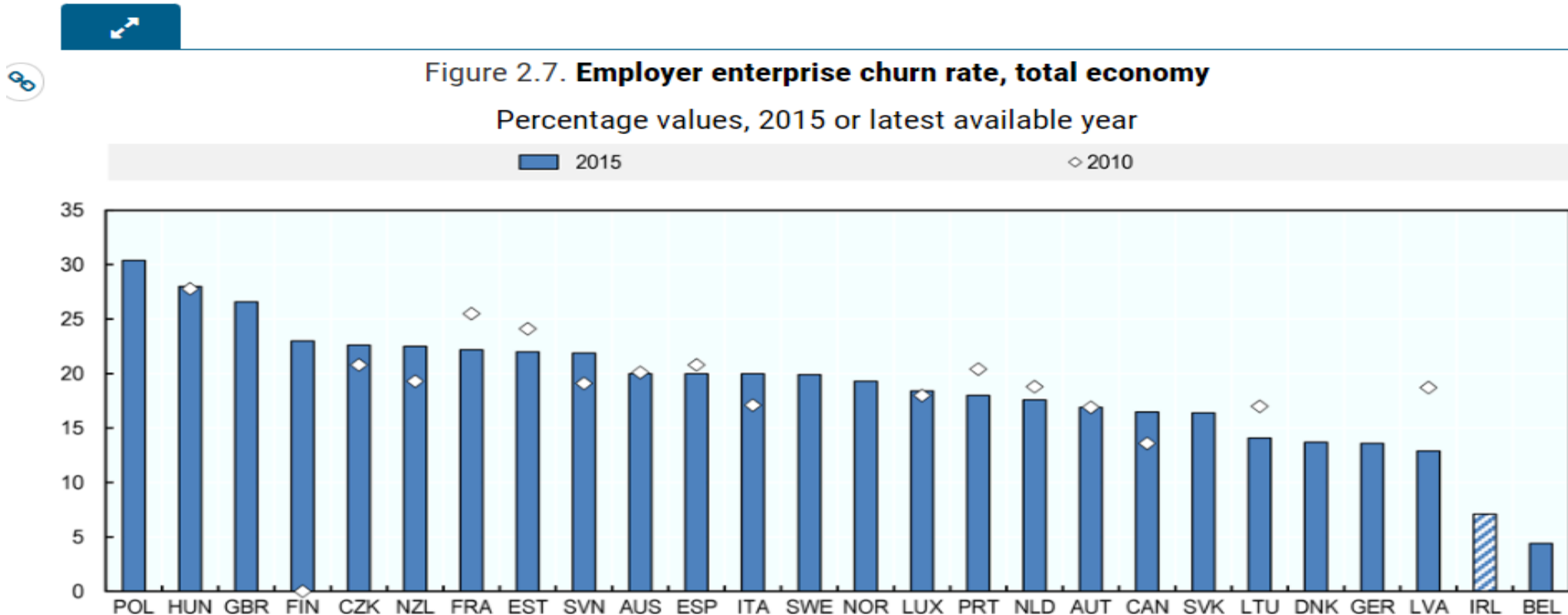


Figure 2.6. **Enterprise birth and death rates**

Percentage values, 2015 or latest available year



OECD (2019) "As a consequence, Ireland had also one of the lowest employer enterprise churn rates among OECD countries in 2015, a commonly used proxy for entrepreneurial dynamics. ... The low enterprise churn rate is likely to adversely affect productivity growth, given a more limited resource reallocation from less productive firms to young SMEs".



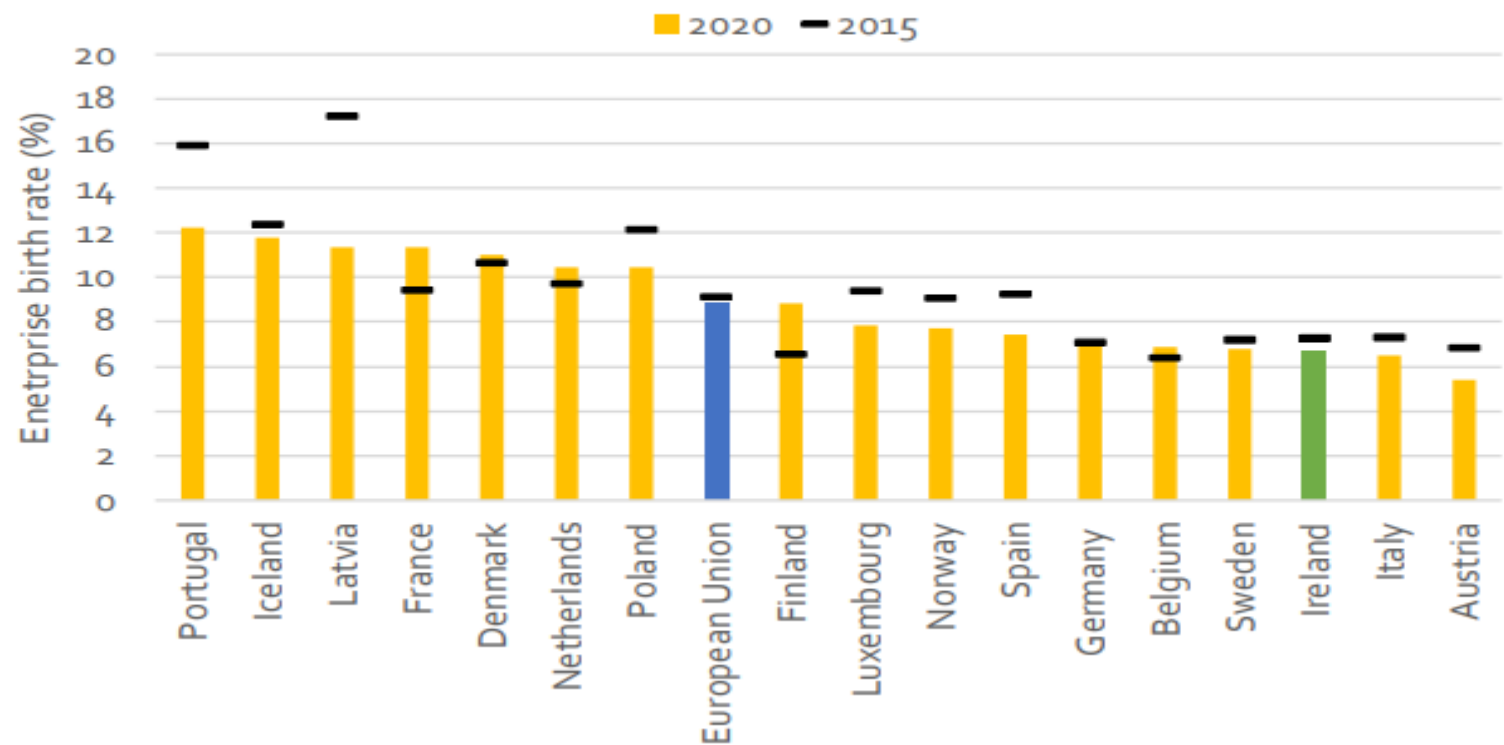
Note: The sum of the employer enterprise birth and death rate.

Source: OECD SDBS database.

StatLink <http://dx.doi.org/10.1787/888934004333>

# National Competitiveness and Productivity Council(2023) “Ireland’s Competitiveness Scorecard (2023)”

Fig. 4.1.4 Enterprise births as a percentage of active enterprise<sup>4445</sup>, 2020



An enterprise birth occurs when an enterprise starts from scratch and begins operations. In 2020, Ireland’s Enterprise Birth Rate (6.7%) was below the European Union average (8.85%). From 2015 to 2020, Ireland’s enterprise birth rate fell from 7.3% to 6.7%, significantly more the EU average which fell from 9.1% to 8.9%. Conversely, Ireland registered the lowest value for enterprise death rates at 1.6%. See Figure 4.1.6.

# Questions to be explored

- **Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?**
- **Question Two: what if any sectoral variation is there?**
- **Question Three : what sectoral variation is there for survival rates?**
- **Question Four: what if any spatial variation is there?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **Question Seven: what have we learnt from the analysis?**

# Questions to be explored

- **QUESTION ONE: IS THE ENTERPRISE CHURN RATE FOR REPUBLIC OF IRELAND REALLY THAT RELATIVELY LOW?**
- **Question Two: what if any sectoral variation is there?**
- **Question Three : what sectoral variation is there for survival rates?**
- **Question Four: what if any spatial variation is there?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **Question Seven: what have we learnt from the analysis?**

## Enterprise Birth Rate (EBR) (Total Enterprises):

In comparison of seven economies, Republic of Ireland (RoI) is persistently low (at 7-8%) and ranking from 5/7 to 7/7 (Eurostat). Northern Ireland (NI) is consistently higher than RoI, whilst lowest within UK (ONS).

|                                                                         |                                                                                                                                   |       |        |       |        |                                     |  |  |  |  |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------|--------|-------|--------|-------------------------------------|--|--|--|--|
| Economical indicator for structural business statistics                 | Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t - percentage |       |        |       |        |                                     |  |  |  |  |
| Size classes in number of employees                                     | Total                                                                                                                             |       |        |       |        |                                     |  |  |  |  |
| Statistical classification of economic activities in the                | Business economy except activities of holding companies                                                                           |       |        |       |        |                                     |  |  |  |  |
|                                                                         |                                                                                                                                   |       |        |       |        |                                     |  |  |  |  |
| TIME                                                                    | 2009                                                                                                                              | 2015  | 2017   | 2019  | 2020   |                                     |  |  |  |  |
| GEO (Labels)                                                            |                                                                                                                                   |       |        |       |        |                                     |  |  |  |  |
| European Union - 27 countries (from 2007)                               | :                                                                                                                                 | 9.11  | 9.26   | 10.01 | 8.85   |                                     |  |  |  |  |
| Denmark                                                                 | 9.79                                                                                                                              | 10.63 | 11.41  | 10.93 | 10.99  |                                     |  |  |  |  |
| Germany (until 1990 former territory of the German Democratic Republic) | 8.31                                                                                                                              | 7.09  | 6.76   | 9.13  | b 7.16 |                                     |  |  |  |  |
| Estonia                                                                 | 9.94                                                                                                                              | 10.28 | 11.81  | 11.09 | 12.10  |                                     |  |  |  |  |
| Ireland                                                                 | 6.93                                                                                                                              | 7.27  | e 8.20 | e :   | 6.72   |                                     |  |  |  |  |
| France                                                                  | 12.98                                                                                                                             | 9.42  | 10.03  | 12.07 | 11.33  |                                     |  |  |  |  |
| Finland                                                                 | 8.98                                                                                                                              | 6.57  | 9.38   | 8.67  | 8.82   |                                     |  |  |  |  |
| United Kingdom                                                          | 10.09                                                                                                                             | 14.77 | 13.55  | :     | :      |                                     |  |  |  |  |
| BR UK (ONS)                                                             | 14.3                                                                                                                              |       | 12.5   | 12.6  | 11.5   | 12.4 (2021)                         |  |  |  |  |
| BR NI (ONS)                                                             | 9.7                                                                                                                               |       | 11.3   | 10.4  | 9.9    | 10.3 2021 (12/12 <sup>th</sup> UK ) |  |  |  |  |

### Enterprise Death Rate (EDR) (Total Enterprises):

RoI EDR has fallen within group of seven countries over last decade, with c7% in 2015/17, and with sharp fall in 2020 (covid?) (Eurostat).

NI EDR in latter years is higher than RoI, whilst lowest within UK (ONS)

|                                                          |                                                                                                                                   |       |      |       |      |       |   |       |   |  |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|---|-------|---|--|
| Economical indicator for structural business statistics  | Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t - percentage |       |      |       |      |       |   |       |   |  |
| Size classes in number of employees                      | Total                                                                                                                             |       |      |       |      |       |   |       |   |  |
| Statistical classification of economic activities in the | Business economy except activities of holding companies                                                                           |       |      |       |      |       |   |       |   |  |
|                                                          |                                                                                                                                   |       |      |       |      |       |   |       |   |  |
| TIME                                                     | 2009                                                                                                                              | 2015  | 2017 | 2019  | 2020 |       |   |       |   |  |
| GEO (Labels)                                             |                                                                                                                                   |       |      |       |      |       |   |       |   |  |
| European Union - 27 countries (from 2007)                | :                                                                                                                                 | 7.50  | de   | :     | c    | 8.06  |   | 7.22  | u |  |
| Denmark                                                  | 12.51                                                                                                                             | 10.99 |      | 9.88  |      | 10.18 |   | 12.22 | p |  |
| Germany (until 1990 former territory of the              | 8.90                                                                                                                              | 7.78  |      | 7.83  |      | 11.67 | b | 9.47  |   |  |
| Estonia                                                  | 14.60                                                                                                                             | 7.13  |      | 9.84  |      | 10.30 |   | 9.87  | p |  |
| Ireland                                                  | 12.30                                                                                                                             | p     | 6.41 | 7.38  | p    | :     |   | 1.62  | p |  |
| France                                                   | 7.54                                                                                                                              | 5.29  |      | 4.91  |      | 4.60  |   | 3.85  |   |  |
| Finland                                                  | 8.41                                                                                                                              | 7.14  |      | 6.70  |      | 7.27  |   | 10.41 |   |  |
| United Kingdom                                           | 14.15                                                                                                                             | 10.81 |      | 11.74 |      | :     |   | :     |   |  |

DR UK (ONS)

10.4

11.7

10.5

10.3

11.1 (2021)

DR NI (ONS)

7.1

8.2

9.0

10.5

8 2021 (12/12 UK regions)

## Enterprise Churn Rate (ECR) (Total Enterprises) :

RoI ECR has fallen over decade, with sharp fall in 2020 resulting from similar for EDR (Eurostat).

NI ECR has remained steady and since at least 2015 higher than the RoI (ONS).

|                                                          |                                                         |       |       |       |       |   |  |   |
|----------------------------------------------------------|---------------------------------------------------------|-------|-------|-------|-------|---|--|---|
| Economical indicator for structural business statistics  | Business churn: birth rate + death rate - percentage    |       |       |       |       |   |  |   |
| Size classes in number of employees                      | Total                                                   |       |       |       |       |   |  |   |
| Statistical classification of economic activities in the | Business economy except activities of holding companies |       |       |       |       |   |  |   |
|                                                          |                                                         |       |       |       |       |   |  |   |
| TIME                                                     | 2009                                                    | 2015  | 2017  | 2019  | 2020  |   |  |   |
| GEO (Labels)                                             |                                                         |       |       |       |       |   |  |   |
| European Union - 27 countries (from 2007)                | :                                                       | :     | :     | 18.07 | 16.07 |   |  | u |
| Denmark                                                  | 22.30                                                   | 21.62 | 21.29 | 21.11 | 23.21 |   |  | p |
| Germany (until 1990 former territory of the              | 17.21                                                   | 14.87 | 14.59 | 20.79 | 16.63 | b |  |   |
| Estonia                                                  | 24.54                                                   | 17.41 | 21.65 | 21.38 | 21.98 |   |  | p |
| Ireland                                                  | 19.23                                                   | 13.68 | 15.58 | :     | 8.34  |   |  | p |
| France                                                   | 20.52                                                   | 14.71 | 14.94 | 16.67 | 15.18 |   |  |   |
| Finland                                                  | 17.39                                                   | 13.71 | 16.08 | 15.95 | 19.23 |   |  |   |
| United Kingdom                                           | 24.24                                                   | 25.58 | 25.28 | :     | :     |   |  |   |

CR UK (ONS) 24.7 24.2 23.1 21.8 23.5 (2021)

CR NI (ONS) 16.8 19.5 19.4 17.5 18.3 (2021)

**Enterprise Births – Number of Enterprise Births with 10+ Jobs as % of All Enterprise Births are usually less than 1 in a 100, BUT Employment in Enterprise Births with 10+ Jobs as % of all Enterprise Births are 1 in 8 (ROI) )**

|                                                                         |  |                                                                                        |      |      |      |      |      |      |  |  |  |
|-------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------|------|------|------|------|------|------|--|--|--|
| Economical indicator for structural business statistics                 |  | Proportion of enterprise births in the reference period (t) by size class - percentage |      |      |      |      |      |      |  |  |  |
| Size classes in number of employees                                     |  | 10 employees or more                                                                   |      |      |      |      |      |      |  |  |  |
| Statistical classification of economic activities in the                |  | Business economy except activities of holding companies                                |      |      |      |      |      |      |  |  |  |
|                                                                         |  |                                                                                        |      |      |      |      |      |      |  |  |  |
| TIME                                                                    |  | 2009                                                                                   | 2015 | 2017 | 2019 | 2020 |      |      |  |  |  |
| GEO (Labels)                                                            |  |                                                                                        |      |      |      |      |      |      |  |  |  |
| European Union - 27 countries (from 2007)                               |  | :                                                                                      | :    | :    | :    | c    | 0.47 | u    |  |  |  |
| Denmark                                                                 |  | 0.18                                                                                   | 0.52 | 0.34 | 0.38 |      | 0.47 |      |  |  |  |
| Germany (until 1990 former territory of the German Democratic Republic) |  | 0.73                                                                                   | 1.15 | 1.21 | 1.13 | b    | 1.11 |      |  |  |  |
| Estonia                                                                 |  | 0.73                                                                                   | 0.75 | 0.69 | 0.66 |      | 0.91 |      |  |  |  |
| Ireland                                                                 |  | 0.15                                                                                   | :    | c    | 0.74 | e    | :    | 1.10 |  |  |  |
| France                                                                  |  | 0.68                                                                                   | 0.27 | 0.17 | 0.12 |      | 0.10 | b    |  |  |  |
| Finland                                                                 |  | 0.20                                                                                   | 0.18 | 0.45 | 0.49 |      | 0.57 |      |  |  |  |
| United Kingdom                                                          |  | 2.31                                                                                   | 2.30 | 2.53 | :    |      | :    |      |  |  |  |

## Enterprise Birth Rate (EBR) (10+ Enterprises):

RoI EBR was lowest of seven countries in 2009 but increased 2009-20 both absolutely (0.1% to 1.0%) and relatively (7/7 to 3/7(assuming UK still at highest in 2019 and 2020)).

Economical indicator for structural business statistics Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t - percentage

Size classes in number of employees 10 employees or more

Statistical classification of economic activities in the Business economy except activities of holding companies

| TIME                                             | 2009 | 2015 | 2017 | 2019 | 2020 |      |   |      |   |
|--------------------------------------------------|------|------|------|------|------|------|---|------|---|
| GEO (Labels)                                     |      |      |      |      |      |      |   |      |   |
| European Union - 27 countries (from 2007)        | :    | 1.10 | du   | 1.00 | du   | :    | c | 0.77 | u |
| Denmark                                          | 0.20 | 0.51 |      | 0.36 |      | 0.38 |   | 0.48 |   |
| Germany (until 1990 former territory of the DDR) | 0.71 | 0.65 |      | 0.64 |      | 0.84 | b | 0.63 |   |
| Estonia                                          | 0.76 | 0.93 |      | 1.06 |      | 0.95 |   | 1.54 |   |
| Ireland                                          | 0.11 | :    | c    | 0.78 | e    | :    |   | 0.98 |   |
| France                                           | 1.37 | 0.58 |      | 0.40 |      | 0.38 |   | 0.32 | b |
| Finland                                          | 0.28 | 0.17 |      | 0.61 |      | 0.61 |   | 0.74 |   |
| United Kingdom                                   | 2.63 | 3.76 |      | 3.97 |      | :    |   | :    |   |

# Enterprise Death Rate (EDR) (10+ Enterprises):

In contrast, RoI EDR was 4/7 in 2009 and 2015 and 3/7 in 2017, but then fell sharply 2020 (assuming UK still at highest 2019/20) .

|                                                          |                                                                                                                                   |      |      |      |      |      |      |      |   |  |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|---|--|
| Economical indicator for structural business statistics  | Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t - percentage |      |      |      |      |      |      |      |   |  |
| Size classes in number of employees                      | 10 employees or more                                                                                                              |      |      |      |      |      |      |      |   |  |
| Statistical classification of economic activities in the | Business economy except activities of holding companies                                                                           |      |      |      |      |      |      |      |   |  |
|                                                          |                                                                                                                                   |      |      |      |      |      |      |      |   |  |
| TIME                                                     | 2009                                                                                                                              | 2015 | 2017 | 2019 | 2020 |      |      |      |   |  |
| GEO (Labels)                                             |                                                                                                                                   |      |      |      |      |      |      |      |   |  |
| European Union - 27 countries (from 2007)                | :                                                                                                                                 | :    | c    | 0.70 | du   | 0.75 | u    | 0.70 | u |  |
| Denmark                                                  | 0.33                                                                                                                              | 1.15 | 0.18 | 0.13 | 0.11 | p    |      |      |   |  |
| Germany (until 1990 former territory of the              | 0.18                                                                                                                              | 0.10 | 0.10 | 0.44 | b    | 0.68 |      |      |   |  |
| Estonia                                                  | 4.26                                                                                                                              | 1.63 | 2.33 | 2.02 | 1.91 | p    |      |      |   |  |
| Ireland                                                  | 1.63                                                                                                                              | p    | 1.08 | 1.01 | p    | :    | 0.00 | p    |   |  |
| France                                                   | 3.06                                                                                                                              | 0.54 | 0.57 | 0.58 | 0.51 | b    |      |      |   |  |
| Finland                                                  | 0.40                                                                                                                              | 0.51 | 0.85 | 0.53 | 0.53 |      |      |      |   |  |
| United Kingdom                                           | 5.20                                                                                                                              | 4.07 | 3.84 | :    | :    |      |      |      |   |  |

### Enterprise Churn Rate (EDR) (10+ Enterprises):

RoI ECR was 4/7 in 2009, 3/7 in 2017 and 5/7 in 2020, ie in middle of seven countries (assuming UK is still at highest in 2020)

|                                                          |                                                         |   |      |   |      |    |      |  |      |      |
|----------------------------------------------------------|---------------------------------------------------------|---|------|---|------|----|------|--|------|------|
| Economical indicator for structural business statistics  | Business churn: birth rate + death rate - percentage    |   |      |   |      |    |      |  |      |      |
| Size classes in number of employees                      | 10 employees or more                                    |   |      |   |      |    |      |  |      |      |
| Statistical classification of economic activities in the | Business economy except activities of holding companies |   |      |   |      |    |      |  |      |      |
|                                                          |                                                         |   |      |   |      |    |      |  |      |      |
| TIME                                                     | 2009                                                    |   | 2015 |   | 2017 |    | 2019 |  | 2020 |      |
| GEO (Labels)                                             |                                                         |   |      |   |      |    |      |  |      |      |
| European Union - 27 countries (from 2007)                | :                                                       |   | :    |   | :    |    | :    |  | c    | 1.47 |
| Denmark                                                  | 0.54                                                    |   | 1.66 |   | 0.53 |    | 0.52 |  |      | 0.60 |
| Germany (until 1990 former territory of the              | 0.89                                                    |   | 0.75 |   | 0.73 |    | 1.28 |  | b    | 1.31 |
| Estonia                                                  | 5.02                                                    |   | 2.56 |   | 3.39 |    | 2.97 |  |      | 3.45 |
| Ireland                                                  | 1.74                                                    | p | :    | c | 1.80 | ep | :    |  |      | 0.98 |
| France                                                   | 4.43                                                    |   | 1.12 |   | 0.96 |    | 0.96 |  |      | 0.83 |
| Finland                                                  | 0.69                                                    |   | 0.68 |   | 1.46 |    | 1.14 |  |      | 1.27 |
| United Kingdom                                           | 7.84                                                    |   | 7.83 |   | 7.80 |    | :    |  |      | :    |

## Question One: Is Enterprise Churn Rate (ECR) for Republic of Ireland really that relatively low?

- Total Enterprises

- Yes, for 2015 and 2020, RoI had lowest ECR of seven countries (Eurostat)
- For 2009 and 2017, RoI ECR was 5/7 ie third lowest.
- So overall RoI **has relatively low** ECR for total enterprises
- NI (ONS), compared to RoI (Eurostat), has consistently higher EBR, EDR and ECR.

- 10+ Jobs Enterprises

- Somewhat different perspective when exclude micro-enterprises from analysis
- RoI EBR was lowest of seven countries in 2009 but increased 2009-20 both absolutely (0.1% to 1.0%) and relatively (7/7 to 3/7).
- In contrast, RoI EDR was 4/7 in 2009 and 2015 and 3/7 in 2017, but then fell sharply 2020.
- RoI ECR was 4/7 in 2009, 3/7 in 2017 and 5/7 in 2020, ie **in middle** of seven countries (assuming UK was still highest).

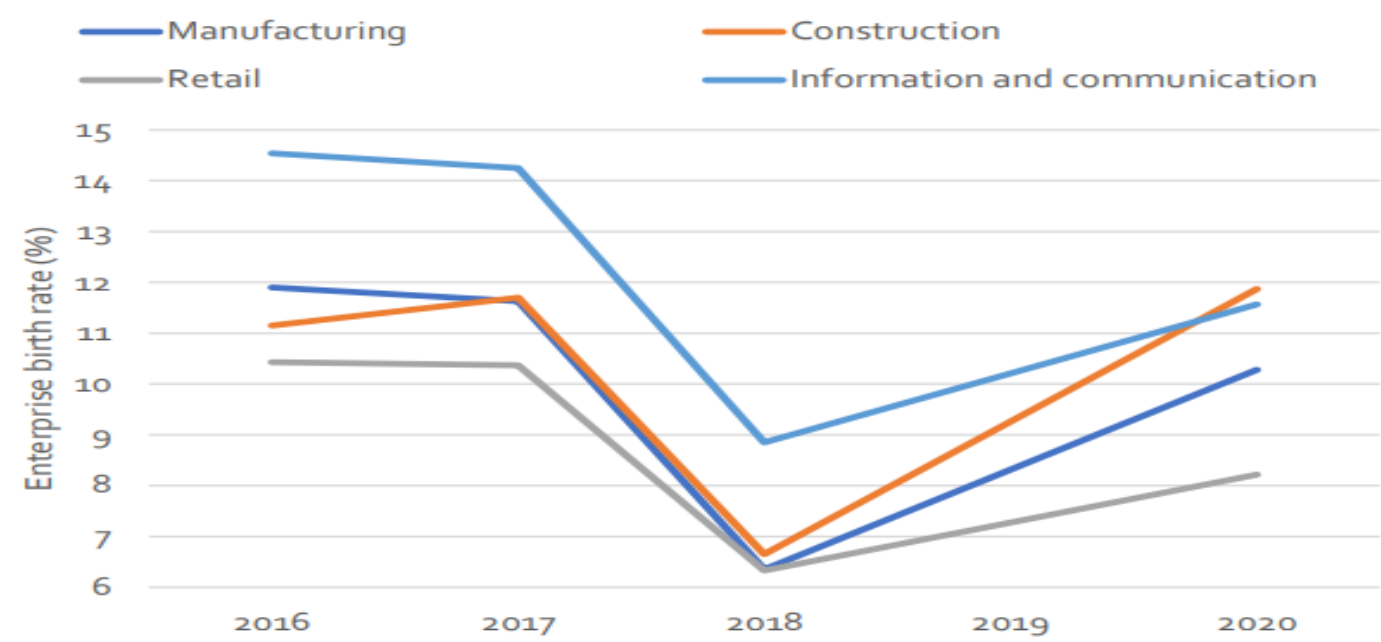
# Questions to be explored

- **Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?**
- **QUESTION TWO: WHAT IF ANY SECTORAL VARIATION IS THERE?**
- **Question Three : what sectoral variation is there for survival rates?**
- **Question Four: what if any spatial variation is there?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **Question Seven: what have we learnt from the analysis?**

# National Competitiveness and Productivity Council(2023) “Ireland’s Competitiveness Scorecard (2023)”

## Ireland’s Competitiveness Scorecard 2023

Fig. 4.1.5 Enterprise birth rate by sector, Ireland 2016 – 2020



Source: Eurostat, Business Demography

Across selected sectors in the Irish economy, enterprise births as a percentage of active enterprise have increased since 2018. However, all, except Construction, are still below their 2016 levels. Between 2019 and 2020, the enterprise birth rate continued to increase despite the impact of COVID-19. Of these sectors retail has recovered more slowly, with an enterprise birth rate of 8.22% in 2020.

# Enterprise Birth Rate – RoI Levels by Sector

|                       |  | Birth Rate Total |      |      |      | Birth Rate 10+ |      |      |      |
|-----------------------|--|------------------|------|------|------|----------------|------|------|------|
|                       |  | 2009             | 2015 | 2017 | 2020 | 2009           | 2015 | 2017 | 2020 |
| Manufacturing         |  | 5.3              | 7    | 7.5  | 6.5  |                | 0.3  | 0.2  |      |
| Food etc              |  | 5.8              | 10.1 | 9.5  | 7.5  |                |      |      |      |
| Chemicals etc.        |  | 6.2              |      | 8.5  | 9.3  |                |      |      |      |
| Basic metals etc.     |  | 6.7              | 5    | 5.1  | 4.9  |                |      |      |      |
| Motor vechicles etc   |  |                  | 9.4  |      |      |                |      |      |      |
| Machinery nec         |  | 2.3              | 6.5  | 6    |      |                |      |      |      |
| Construction          |  | 5.1              | 8.4  | 9.3  | 8.8  | 0.1            |      | 0.9  | 1.2  |
| Wholesale and Retail  |  | 6.8              | 5.5  | 6    | 4.7  | 0.03           | 0.4  | 0.4  | 0.7  |
| Transport + Storage   |  | 6.9              | 4.2  | 4.5  | 4.2  |                |      |      | 1    |
| Accomod. + Food St    |  | 8.3              | 7.9  | 8.01 | 5.6  | 0.13           | 2.7  | 2    |      |
| Information + Comms   |  | 9.5              | 9.7  | 10.2 | 8.5  | 0.7            | 1.7  | 1.2  | 2    |
| Computer Prog etc.    |  | 9.6              | 10   | 10.2 | 8.6  |                |      |      |      |
| Info.Serv Activities  |  | 13.9             | 10.6 | 12.4 | 11.4 |                |      |      |      |
| Fin/Insur Services    |  | 8.9              | 7.8  | 15.1 | 7.7  |                |      |      |      |
| Real Estate           |  | 7.9              | 10.6 | 11.3 | 6    | 1.23           | 1.4  |      |      |
| Professional Services |  | 8.4              | 7.5  | 8.1  | 7.1  |                | 0.9  | 0.6  | 0.6  |
| Admin etc.            |  | 6.4              | 7.9  | 9.6  | 7.1  | 0.5            | 1.2  | 0.9  | 1.1  |
| Education             |  |                  | 6.3  | 6.5  | 5.5  |                |      |      | 0.4  |
| Health                |  |                  | 5.8  | 6.1  | 5.9  |                | 0.5  | 0.5  |      |
| Arts, recreation etc. |  |                  | 7.8  | 8.3  | 7    |                |      |      |      |

# Enterprise Birth Rate – RoI Rankings within Seven Economies by Sector

|                       |     | Birth Rate Total |      |       | Birth Rate 10+ |       |      |       |      |
|-----------------------|-----|------------------|------|-------|----------------|-------|------|-------|------|
|                       |     | 2009             | 2015 | 2017  | 2020           | 2009  | 2015 | 2017  | 2020 |
| Manufacturing         |     | 5                | 5    | 4     | 6 n/a          |       | 7    | 7     | 7    |
| Food etc              |     | 3                | 3    | 4     | 5 n/a          | n/a   | n/a  | n/a   |      |
| Chemicals etc.        |     | 5 n/a            |      | 5     | 4 n/a          | n/a   | n/a  | n/a   |      |
| Basic metals etc.     |     | 2                | 5    | 4     | 5 n/a          | n/a   | n/a  | n/a   |      |
| Motor vechiles etc    | n/a | n/a              | n/a  | n/a   | n/a            | n/a   | n/a  | n/a   |      |
| Machinery nec         |     | 7                | 3    | 4 n/a | n/a            | n/a   | n/a  | n/a   |      |
| Construction          |     | 7                | 5    | 4     | 4              | 7 n/a |      | 3     | 2    |
| Wholesale and Retail  |     | 7                | 7    | 7     | 7              | 7     | 4    | 6     | 3    |
| Transport + Storage   |     | 4                | 6    | 6     | 7 n/a          | n/a   | n/a  |       | 2    |
| Accomod. + Food St    |     | 7                | 7    | 6     | 7              | 7     | 2    | 3 n/a |      |
| Information + Comms   |     | 7                | 5    | 6     | 7              | 3     | 2    | 2     | 2    |
| Computer Prog etc.    |     | 7                | 6    | 6     | 7 n/a          | n/a   | n/a  | n/a   |      |
| Info.Serv Activities  |     | 4                | 6    | 6     | 5 n/a          | n/a   | n/a  | n/a   |      |
| Fin/Insur Services    |     | 7                | 6    | 2     | 6 n/a          | n/a   | n/a  | n/a   |      |
| Real Estate           |     | 4                | 2    | 3     | 7 n/a          |       | 2    | 2     | 7    |
| Professional Services |     | 7                | 7    | 6     | 6              | 7     | 2    | 3     | 3    |
| Admin etc.            |     | 7                | 7    | 5     | 7              | 7     | 5    | 5     | 5    |
| Education             | n/a |                  | 7    | 7     | 7 n/a          | n/a   | n/a  |       | 6    |
| Health                | n/a |                  | 5    | 5     | 6 n/a          |       | 6    | 3 n/a |      |
| Arts, recreation etc. | n/a |                  | 7    | 7     | 7 n/a          | n/a   | n/a  | n/a   |      |
|                       |     |                  |      |       |                |       |      |       |      |
| Instances Ranking     |     | 10               | 13   | 13    | 13             | 6     | 8    | 9     | 9    |
| Total Ranking         |     | 62               | 76   | 68    | 84             | 38    | 23   | 34    | 37   |
| Average Ranking       |     | 6.2              | 5.8  | 5.2   | 6.5            | 6.3   | 2.9  | 3.8   | 4.1  |

# Enterprise Churn Rate – Rol Levels by Sector

|                       |  | Churn Rate Total |      |      |      | Churn Rate 10+ |      |      |      |
|-----------------------|--|------------------|------|------|------|----------------|------|------|------|
|                       |  | 2009             | 2015 | 2017 | 2020 | 2009           | 2015 | 2017 | 2020 |
| Manufacturing         |  | 14.5             | 12.6 | 13.9 | n/a  |                | 1    |      |      |
| Food etc              |  | 13.1             | 16.5 | 16.3 | 8.9  |                |      |      |      |
| Chemicals etc.        |  | 14               |      | 14.4 | 10.6 |                |      |      |      |
| Basic metals etc.     |  | 15.7             | 10.2 | 10.3 | 6    | 1.7            |      | 0.8  |      |
| Motor vechicles etc   |  |                  | 13.7 |      |      |                |      |      |      |
| Machinery nec         |  | 9.3              | 11.2 | 10.2 |      |                |      |      |      |
| Construction          |  | 22.8             | 14.6 | 17   | 10.3 | 3.4            |      | 1.7  | 1.3  |
| Wholesale and Retail  |  | 16.7             | 11.3 | 12.8 | 6.3  | 1.3            | 1.4  | 1.1  | 0.7  |
| Transport + Storage   |  | 19.2             | 8.7  | 10.8 | 6    |                |      |      | 1    |
| Accomod. + Food St    |  | 15.7             | 16.1 |      | 7.9  | 2.2            | 5    | 4.1  |      |
| Information + Comms   |  | 22.1             | 18.3 | 19.5 | 10.5 | 2.1            | 2.5  | 2    | 2    |
| Computer Prog etc.    |  |                  | 19.2 | 19.4 |      |                |      |      |      |
| Info.Serv Activities  |  | 25.5             |      |      | 13   |                |      |      |      |
| Fin/Insur Services    |  | 19.7             | 16.8 | 23   | 9.1  |                |      |      |      |
| Real Estate           |  | 20.7             | 18.8 | 20.7 | 6.9  |                |      |      |      |
| Professional Services |  | 19.2             | 13.9 | 15.2 | 8.8  | 0.8            | 1.45 | 1.2  | 0.6  |
| Admin etc.            |  | 18.2             | 14.3 | 16.5 | 8.7  | 2.7            | 2.2  | 2.2  | 1.1  |
| Education             |  |                  | 11.4 | 12.2 | 6.9  |                |      |      | 0.4  |
| Health                |  |                  | 11.5 | 12   | 7.4  |                | 1.2  | 1.1  |      |
| Arts, recreation etc. |  |                  | 14.1 | 16   | 8.4  |                |      |      |      |

# Enterprise Churn Rate – RoI Rankings within Seven Economies by Sector

|                       |  | Churn Rate Total |      |      | Churn Rate 10+ |      |      |      |      |  |
|-----------------------|--|------------------|------|------|----------------|------|------|------|------|--|
|                       |  | 2009             | 2015 | 2017 | 2020           | 2009 | 2015 | 2017 | 2020 |  |
| Manufacturing         |  | 5                | 4    | 4    | n/a            | n/a  | 3    | n/a  | n/a  |  |
| Food etc              |  | 4                | 4    | 4    | 7              | n/a  | n/a  | n/a  | n/a  |  |
| Chemicals etc.        |  | n/a              | n/a  | 5    | 7              | n/a  | n/a  | n/a  | n/a  |  |
| Basic metals etc.     |  | 2                | 4    | 4    | 7              | 4    | 7    | 3    | n/a  |  |
| Motor vechicles etc   |  | n/a              | 4    | n/a  | n/a            | n/a  | n/a  | n/a  | n/a  |  |
| Machinery nec         |  | 4                | 4    | 4    | n/a            | n/a  | n/a  | n/a  | n/a  |  |
| Construction          |  | 2                | 4    | 3    | 7              | 4    | n/a  | 4    | 4    |  |
| Wholesale and Retail  |  | 7                | 7    | 7    | 7              | 4    | 4    | 4    | 6    |  |
| Transport + Storage   |  | 3                | 6    | 6    | 7              | n/a  | n/a  | n/a  | 3    |  |
| Accomod. + Food St    |  | 6                | 5    | n/a  | 7              | 4    | 2    | 3    | n/a  |  |
| Information + Comms   |  | 6                | 6    | 4    | 7              | 4    | 3    | 2    | 2    |  |
| Computer Prog etc.    |  | n/a              | 6    | 7    | n/a            | n/a  | n/a  | n/a  | n/a  |  |
| Info.Serv Activities  |  | 6                | n/a  | n/a  | 7              | n/a  | n/a  | n/a  | n/a  |  |
| Fin/Insur Services    |  | 5                | 5    | 4    | 7              | n/a  |      |      |      |  |
| Real Estate           |  | 1                | 2    | 2    | 7              | n/a  | n/a  | n/a  | n/a  |  |
| Professional Services |  | 5                | 7    | 7    | 7              | 5    | 3    | 3    | 6    |  |
| Admin etc.            |  | 7                | 7    | 7    | 6              | 5    | 3    | 4    | 5    |  |
| Education             |  | n/a              | 7    | 7    | 7              | n/a  | n/a  | n/a  | 7    |  |
| Health                |  | n/a              | 5    | 5    | 7              | n/a  | 3    | 4    | n/a  |  |
| Arts, recreation etc. |  | n/a              | 7    | 7    | 7              | n/a  | n/a  | n/a  | n/a  |  |
|                       |  |                  |      |      |                |      |      |      |      |  |
| Instances Ranking     |  | 12               | 13   | 12   | 12             | 6    | 7    | 7    | 7    |  |
| Total Ranking         |  | 47               | 72   | 63   | 83             | 26   | 21   | 24   | 33   |  |
| Average Ranking       |  | 3.9              | 5.5  | 5.3  | 6.9            | 4.3  | 3    | 3.4  | 4.7  |  |

# Enterprise Churn Rate 10+ – Top 3 Rankings for Seven Economies (2017 or nearest (15,20))

| Country | Number of Top 3 Rankings by Sector |  |
|---------|------------------------------------|--|
| Denmark | 1                                  |  |
| Germany | 1                                  |  |
| Estonia | 9                                  |  |
| Ireland | 5                                  |  |
| France  | 4                                  |  |
| Finland | 6                                  |  |
| UK      | 13                                 |  |

## ROI CR 10+

Information and Comms (2)  
Professional, Scientific etc. (3)  
Accommodation + Food Serv (3)  
Manufacturing (3)\*  
Transport and Storage (3)\*\*

## RoI CR Total

Real Estate (2)  
Construction (3)

## RoI BR 10+

Information + Comms (2)  
Real Estate (2)  
Accommodation + Food Serv (3)  
Professional, Scientific etc. (3)  
Health (3)

## RoI BR Total

Finance/Insurance (2)  
Real estate (3)

# NI and RoI Enterprise Birth Rates Comparison by Sector 2020

| Birth Rate (%)                                     | NI    |       |       |  | Birth Rate Total | Total RoI | RoI-NI Gap 2020 |
|----------------------------------------------------|-------|-------|-------|--|------------------|-----------|-----------------|
| Broad Industry Group                               | 2017  | 2020  | 2021  |  | 2017             | 2020      |                 |
| Production                                         | 11.0% | 7.5%  | 8.3%  |  | 7.5              | 6.5       | -1              |
| Construction                                       | 12.3% | 7.8%  | 9.5%  |  | 9.3              | 8.8       | 1               |
| Retail Only                                        | 8.2%  | 7.7%  | 9.0%  |  | 6                | 4.7       | -3              |
| Transport & storage (inc. postal)                  | 14.9% | 19.5% | 24.4% |  |                  |           |                 |
|                                                    |       |       |       |  | 4.5              | 4.2       | -15             |
| Accommodation & food services                      | 12.7% | 9.5%  | 12.9% |  |                  |           |                 |
|                                                    |       |       |       |  | 8.01             | 5.6       | -4              |
| Information & communication                        | 14.0% | 10.9% | 11.9% |  |                  |           |                 |
|                                                    |       |       |       |  | 10.2             | 8.5       | -2              |
| Finance & insurance                                | 8.1%  | 7.1%  | 6.3%  |  |                  |           |                 |
|                                                    |       |       |       |  | 15.1             | 7.7       | 0.5             |
| Property                                           | 14.0% | 5.2%  | 8.1%  |  | 11.3             | 6         | 1               |
| Professional, scientific & technical               | 11.7% | 10.7% | 10.2% |  |                  |           |                 |
|                                                    |       |       |       |  | 8.1              | 7.1       | -3              |
| Business administration and support services       | 17.3% | 18.8% | 12.4% |  |                  |           |                 |
|                                                    |       |       |       |  | 9.6              | 7.1       | -12             |
| Education                                          | 9.1%  | 9.8%  | 7.5%  |  | 6.5              | 5.5       | -4              |
| Health                                             | 5.4%  | 4.7%  | 4.7%  |  | 6.1              | 5.9       | 2               |
| Arts, entertainment, recreation and other services | 9.5%  | 5.6%  | 7.2%  |  |                  |           |                 |
|                                                    |       |       |       |  | 8.3              | 7         | 1               |

**RoI: Wholesale, Retail and Repairs**

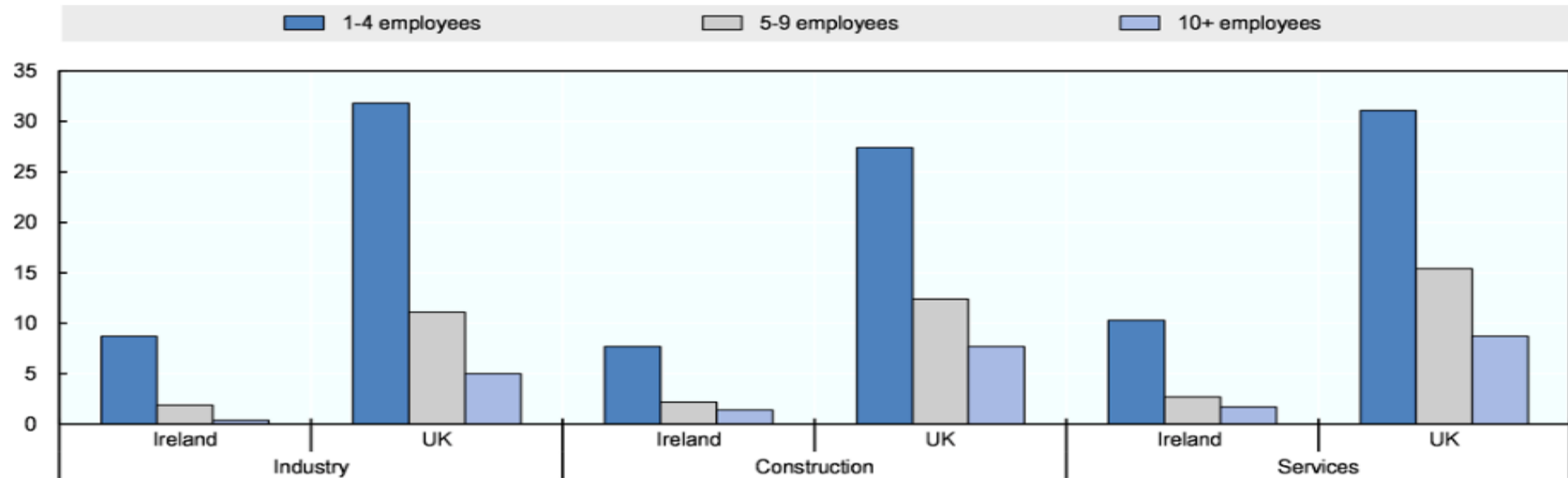
**NI: Retail Only**

# OECD (2019)



Figure 2.8. **Employer enterprise churn rates in Ireland and the United Kingdom, 2015**

By sector, percentage values



*Note:* Sum of the employer enterprise birth rate and death rate in each sector.

*Source:* OECD SDBS database.



StatLink <http://dx.doi.org/10.1787/888934004675>

## Question Two What if any sectoral variation is there?

- Rol Enterprise Birth Rates (Total Enterprises)
- Rol EBR – Differences between sectors? – not major variation – most in 5-8% range, with Information and Communications exception at 9-10% and Finance/Real estate some years at 10-15%
- Change in EBR patterns 2009/2020
  - 2009/15 (**after** financial crash) – 6/10 declines, 4/10 increases
  - 2017/20 (Covid) – 12/15 declines (> -2% 4 all in services)
  - Steady 2009/2020 – Professionals etc. (7-8%), Education (5.5/6.5%), Health (6%), Arts (7-8%), Wholesale etc.(5-7%), Accommodation etc.(6-8%), **Infor + Comms (9-10%)**
  - Rise, then steady – Manufacturing, Construction
  - Fall, ,then steady – Transport
  - Fluctuating – Finance, Real Estate, Admin (6-8-10-7%)
- NI is higher EBR than Rol in 8 of 13 broad sectors – nb transport, business admin
- Seven Country Sectoral Rankings
  - EBR (Total) Rol Average 5-6/7      EBR (10+) Rol Average 3-6/7
  - ECR (Total) Rol Average 4-7/7      ECR (10+) Rol Average 3-5/7
  - Rol gets 5 top 3 slots (behind UK 13, Estonia 9, Finland 6) in sectoral rankings of seven countries

# Questions to be explored

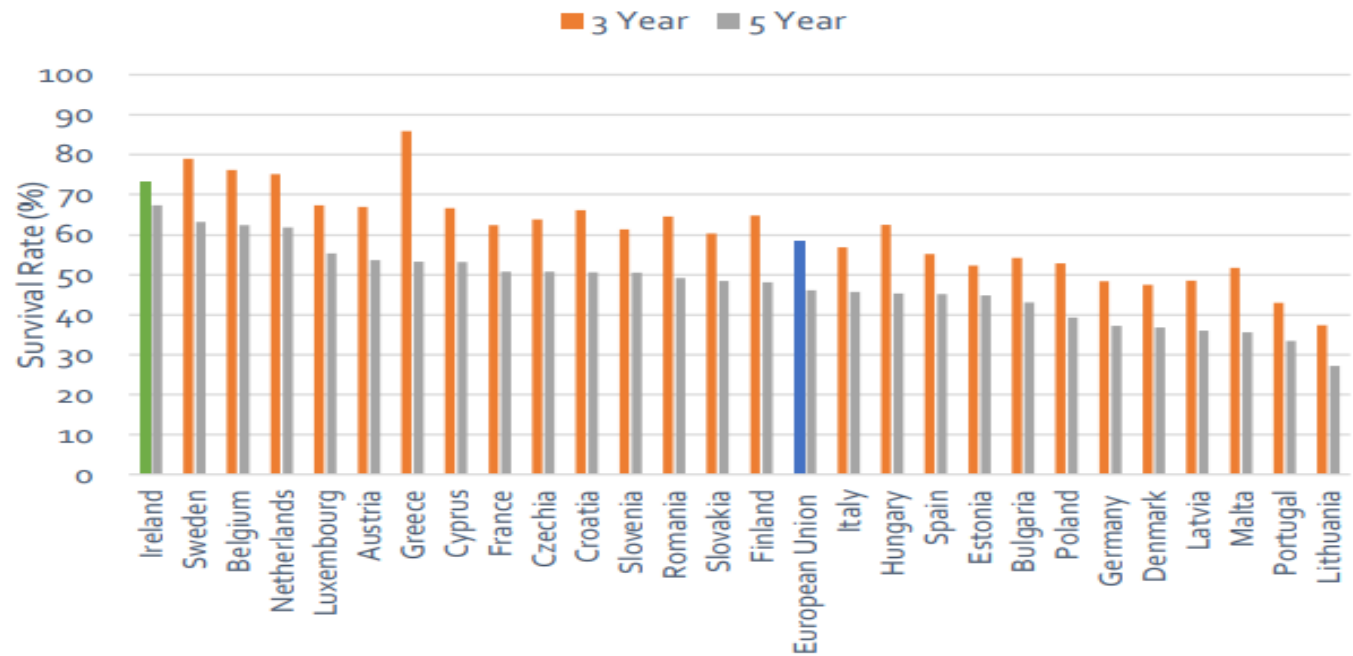
- **Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?**
- **Question Two: what if any sectoral variation is there?**
- **QUESTION THREE : WHAT SECTORAL VARIATION IS THERE FOR SURVIVAL RATES?**
- **Question Four: what if any spatial variation is there?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **Question Seven: what have we learnt from the analysis?**

# OECD (2019) on RoI 5 Year Survival Rates

- "In Ireland, there were 13 954 new enterprise created in 2010, with 9 331 of these still active in reference year 2015, a 66.9% survival rate, thus higher than the OECD average of 50%.
- This higher survival share may to some extent reflect policy choices of previous government administrations that sought to reduce firm failure rates in the country."

# National Competitiveness and Productivity Council(2023) “Ireland’s Competitiveness Scorecard (2023)”

Fig 4.1.6 Enterprise Survival rate, 2020



Ireland has the highest survival rate for newly born enterprises in the European Union over five years from 2015 to 2020 with 67% of new enterprise surviving the first 5 years. The European Union average for the same period is 46%. The three-year survival rate for newly born enterprises in 2017 to 2020 was 73% compared to the EU average of 58%. However, the 2020 survival rates may be influenced by the presence of financial supports during COVID-19. The enterprise birth rate in Ireland has generally been significantly lower than the rate observed in other European countries.

Source: Eurostat, Business Demography

# Rol 5 Year survival rate in 2020 was uniquely higher at 68% than other compared economies

| Economical indicator for structural business statistics                 |  | Survival rate 5: number of enterprises in the reference period (t) newly born in t-5 having survived to t divided by the number of enterprise births in t-5 - percentage |       |         |       |         |   |  |  |  |  |
|-------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------|-------|---------|---|--|--|--|--|
| Size classes in number of employees                                     |  | Total                                                                                                                                                                    |       |         |       |         |   |  |  |  |  |
| Statistical classification of economic activities in the                |  | Business economy except activities of holding companies                                                                                                                  |       |         |       |         |   |  |  |  |  |
| TIME                                                                    |  | 2009                                                                                                                                                                     | 2015  | 2017    | 2019  | 2020    |   |  |  |  |  |
| GEO (Labels)                                                            |  |                                                                                                                                                                          |       |         |       |         |   |  |  |  |  |
| European Union - 27 countries (from 2007)                               |  | :                                                                                                                                                                        | :     | 44.02   | 45.07 | 46.13   |   |  |  |  |  |
| Denmark                                                                 |  | 41.62                                                                                                                                                                    | 36.95 | 36.36   | 38.19 | 36.81   |   |  |  |  |  |
| Germany (until 1990 former territory of the German Democratic Republic) |  | 40.22                                                                                                                                                                    | 38.31 | 38.97   | 38.54 | b 37.26 |   |  |  |  |  |
| Estonia                                                                 |  | 47.01                                                                                                                                                                    | 48.91 | 46.45   | 45.96 | 44.83   |   |  |  |  |  |
| Ireland                                                                 |  | :                                                                                                                                                                        | :     | :       | :     | 67.50   | e |  |  |  |  |
| France                                                                  |  | 51.16                                                                                                                                                                    | 44.22 | b 49.05 | 48.80 | 50.82   |   |  |  |  |  |
| Finland                                                                 |  | 46.69                                                                                                                                                                    | 34.67 | 36.09   | 49.08 | 48.19   |   |  |  |  |  |
| United Kingdom                                                          |  | 44.13                                                                                                                                                                    | 40.96 | 42.53   | :     | :       |   |  |  |  |  |

# Survival rates for enterprises 10+ tend to be higher than for Total Enterprises (Would RoI still be uniquely high if micro-enterprises excluded ?)

|                                                                         |  |                                                                                                                                                                          |        |       |        |       |       |    |        |       |   |
|-------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|--------|-------|-------|----|--------|-------|---|
| Economical indicator for structural business statistics                 |  | Survival rate 5: number of enterprises in the reference period (t) newly born in t-5 having survived to t divided by the number of enterprise births in t-5 - percentage |        |       |        |       |       |    |        |       |   |
| Size classes in number of employees                                     |  | 10 employees or more                                                                                                                                                     |        |       |        |       |       |    |        |       |   |
| Statistical classification of economic activities in the                |  | Business economy except activities of holding companies                                                                                                                  |        |       |        |       |       |    |        |       |   |
|                                                                         |  |                                                                                                                                                                          |        |       |        |       |       |    |        |       |   |
| TIME                                                                    |  | 2009                                                                                                                                                                     | 2015   |       | 2017   |       | 2019  |    | 2020   |       |   |
| GEO (Labels)                                                            |  |                                                                                                                                                                          |        |       |        |       |       |    |        |       |   |
| European Union - 27 countries (from 2007)                               |  | :                                                                                                                                                                        | :      | 58.41 |        | 61.03 |       | du | :      | c     |   |
| Denmark                                                                 |  | 66.44                                                                                                                                                                    | 195.83 |       | 191.67 |       | 57.01 |    | 42.02  |       |   |
| Germany (until 1990 former territory of the German Democratic Republic) |  | 55.85                                                                                                                                                                    | 58.87  |       | 64.62  |       | 51.86 |    | b      | 52.59 |   |
| Estonia                                                                 |  | 68.83                                                                                                                                                                    | 57.81  |       | 49.12  |       | 54.00 |    | 53.13  |       |   |
| Ireland                                                                 |  | :                                                                                                                                                                        | :      | :     |        | :     |       | :  |        | c     |   |
| France                                                                  |  | 48.52                                                                                                                                                                    | 34.12  |       | b      | 48.76 | 82.57 |    | 115.91 |       | b |
| Finland                                                                 |  | 33.33                                                                                                                                                                    | 58.97  |       | 29.13  |       | 71.83 |    | 61.76  |       |   |
| United Kingdom                                                          |  | 53.19                                                                                                                                                                    | 45.52  |       | 48.29  |       | :     |    | :      |       |   |

## Five Year % Total Enterprises Survival Rates 2020 by Sector (Eurostat, NISRA)

|                          | Denmark<br>29-55<br><u>38</u> | Germany<br>28-51<br><u>38</u> | Estonia<br>38-54<br><u>46</u> | Finland<br>42-61<br><u>50</u> | France<br>41-68<br><u>52</u> | Republic<br>of Ireland<br>61-71<br><u>67</u> | Northern<br>Ireland<br>43-58<br><u>49</u> | UK<br>(2016)<br>35-54<br><u>45</u> |
|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|----------------------------------------------|-------------------------------------------|------------------------------------|
| Manufacturing 41-56      | 41                            | 44                            | 49                            | 56                            | 53                           | 69                                           | 47                                        | 46                                 |
| Construction 40-56       | 40                            | 40                            | 49                            | 51                            | 56                           | 70                                           | 48                                        | 42                                 |
| Wholesale etc. 37-48     | 38                            | 37                            | 42                            | 42                            | 48                           | 66                                           | 45(Retail)                                | 41                                 |
| Transport + Stor. 35-47  | 35                            | 36                            | 38                            | 61                            | 47                           | 71                                           | 45                                        | 40                                 |
| Accomm. + FS 29-57       | 29                            | 32                            | 46                            | 45                            | 57                           | 61                                           | 43                                        | 35                                 |
| Inform. + Comms 32-49    | 32                            | 37                            | 48                            | 46                            | 45                           | 64                                           | 46                                        | 49                                 |
| Finance + Insur. 41-58   | 55                            | 41                            | 46                            | 45                            | 58                           | 67                                           | 58                                        | 44                                 |
| Real Estate 40-64        | 48                            | 40                            | 46                            | 52                            | 64                           | 66                                           | 51                                        | 51                                 |
| Professionals etc. 32-50 | 32                            | 36                            | 45                            | 47                            | 46                           | 68                                           | 50                                        | 48                                 |
| Business Admin 36-50     | 36                            | 38                            | 43                            | 49                            | 50                           | 69                                           | 46                                        | 39                                 |
| Education 33-54          | 33                            | 35                            | 45                            | 49                            | 41                           | 68                                           | 54                                        | 49                                 |
| Health 45-68             | 45                            | 51                            | 54                            | 56                            | 68                           | 68                                           | 50                                        | 54                                 |
| Arts etc. 28-49          | 30                            | 28                            | 45                            | 49                            | 41                           | 66                                           | 49                                        | 45                                 |

## Question Four: What sectoral variation is there for survival rates?

- Looking at Five year survival rates (2020) for eight economies (including NI and overall UK)
- Republic of Ireland is highest in **all** 13 sectors (only France in 4 and NI in 1 come within 10% points of RoI levels)
- Mean summaries of sectors 5 y survival rates shows most economies at 46/52, Germany and Denmark at 38 and Republic of Ireland at 67.
- Range by sector **within** each of the economies is 15 to 26% points difference (RoI is lowest difference 61-71 ie 10% difference)
- Range by economy (x RoI) **within** each of the 13 sectors shows 11 to 28 % points difference with most at 15 -26

# Questions to be explored

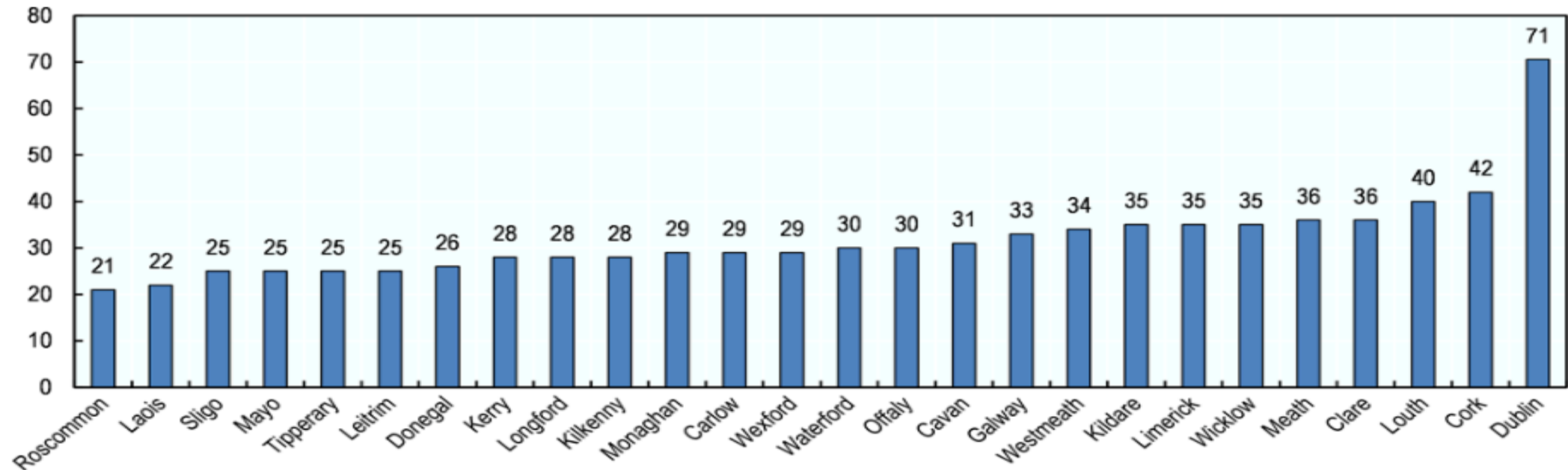
- **Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?**
- **Question Two: what if any sectoral variation is there?**
- **Question Three : what sectoral variation is there for survival rates?**
- **QUESTION FOUR: WHAT IF ANY SPATIAL VARIATION IS THERE?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **Question Seven: what have we learnt from the analysis?**

# OECD (2019) New Company Formation by County - Republic of Ireland (CSO)



Figure 1.9. New company formations per 10 000 population by county

Average 2015-17



Source: CSO.



StatLink <http://dx.doi.org/10.1787/888934004447>

# Northern Ireland: Enterprise Birth Rate (District Council Areas) (NISRA)

Birth Rate (%)

| District Council Area                | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Northern Ireland                     | 10.0% | 11.1% | 9.2%  | 9.8%  | 9.1%  | 10.3% |
| Antrim and Newtownabbey              | 10.2% | 10.2% | 8.5%  | 8.9%  | 11.9% | 9.9%  |
| Ards and North Down                  | 9.4%  | 10.7% | 8.4%  | 9.2%  | 8.7%  | 10.4% |
| Armagh City, Banbridge and Craigavon | 9.8%  | 11.1% | 9.0%  | 9.3%  | 8.6%  | 11.0% |
| Belfast                              | 11.2% | 11.3% | 9.8%  | 11.7% | 10.1% | 12.1% |
| Causeway Coast and Glens             | 8.7%  | 11.8% | 8.5%  | 8.4%  | 8.4%  | 10.1% |
| Derry City and Strabane              | 11.1% | 11.3% | 11.0% | 9.8%  | 9.6%  | 10.0% |
| Fermanagh and Omagh                  | 9.8%  | 11.2% | 8.5%  | 8.4%  | 7.8%  | 8.9%  |
| Lisburn and Castlereagh              | 9.3%  | 10.4% | 8.8%  | 11.4% | 9.3%  | 9.9%  |
| Mid and East Antrim                  | 8.8%  | 10.6% | 9.7%  | 9.4%  | 8.2%  | 9.6%  |
| Mid Ulster                           | 9.0%  | 10.5% | 8.2%  | 7.8%  | 7.7%  | 8.8%  |
| Newry, Mourne and Down               | 10.7% | 12.2% | 10.1% | 10.7% | 9.3%  | 9.9%  |

#### Question Four: what if any spatial variation is there?

- Rol – new company formations 2015/17 – top half include all **urban** centres and adjacent counties
- NI – Enterprise Birth-rates 2021 ....top DCAs 2021 are Belfast, Armagh, Ards/North Down, Causeway Coast/Glens, and Derry City/Strabane ...4/5 as **urban** areas ...

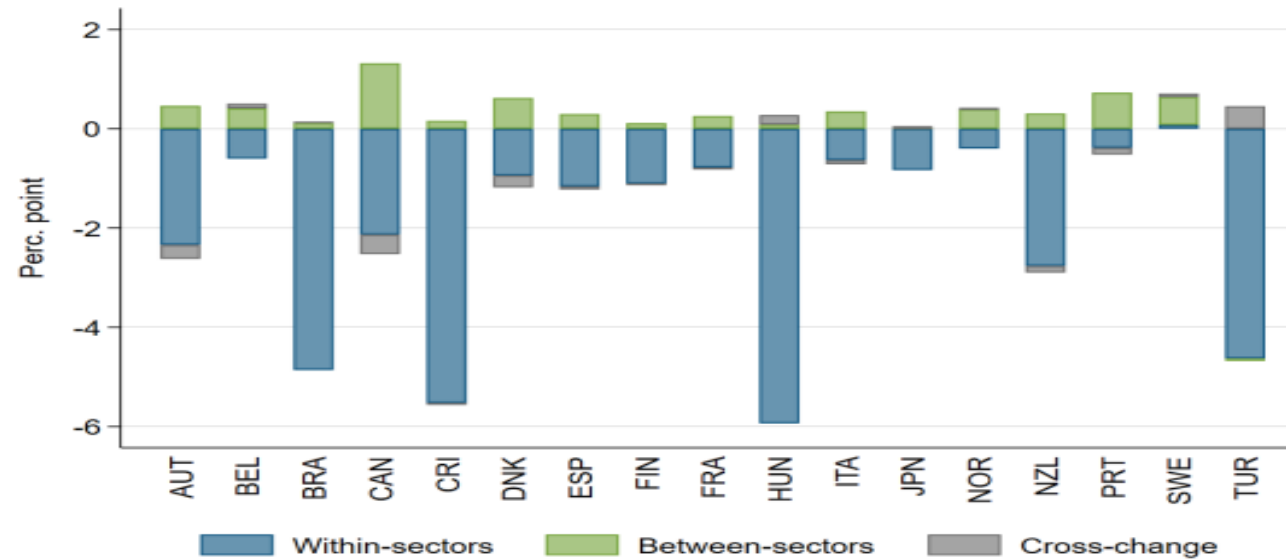
# Questions to be explored

- Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?
- Question Two: what if any sectoral variation is there?
- Question Three : what sectoral variation is there for survival rates?
- Question Four: what if any spatial variation is there?
- **QUESTION FIVE: WHAT ARE THE CAUSES OF LOW ENTERPRISE CHURN RATES IN THE REPUBLIC OF IRELAND?**
- Question Six: what are the policy responses (now and new)?
- Question Seven: what have we learnt from the analysis?

Change within sectors (fall of EBR over time) , rather than change between sectors (i.e. shift from high EBR to low EBR sectors) is primary reason for decline in Enterprise Birth/Entry Rates (OECD 2020)

**Figure 1. Contributions to changes in entry rates and job reallocation rates**

(a) Entry rates



OECD (2020) “structural and policy factors that contribute to (or mitigate) the decline in business dynamism. ...not causal relationships but rather robust correlations .... highlight key elements of a dynamic business environment”

- **Intangibles and digital technologies:** countries and sectors with higher intangible and digital intensity, measured through ICT equipment intensity, software and database intensity, R&D intensity, and skill intensity, have experienced faster declines in entry rates and job reallocation rates.
- **Market structure and firm heterogeneity:** higher industry concentration and higher productivity dispersion between leaders and laggards in the sector are positively associated with the speed of the decline, while more mature industries (i.e. more advanced in their life cycle) tend to have experienced milder declines over the period.
- **Globalisation and integration in Global Value Chains:** while trade integration seem to be associated with faster decline in dynamism, forward integration in GVCs at the country level seem to mitigate the decline in entry rates and job reallocation rates.
- **Demographic factors:** ageing and declines in the labour force growth seem to contribute to the observed trends, but to a lower extent.

OECD (2020) Focusing on policies and framework conditions, five key areas that are related to the speed of the decline in business dynamism and that can be targeted to mitigate the trends and partially offset past declines

- **“Regulatory barriers and level playing field:** high regulatory barriers and red tape amplify declines in entry rates.
- **Judicial efficiency and bankruptcy regulations:** efficient judicial and especially bankruptcy systems reduce those declines.
- **Access to finance:** access to finance plays an important role with more financially developed countries and lower gaps in interest rates between firms of different size being associated with lower declines in entry rates.
- **Innovation support:** policies enhancing innovation (government-financed GERD) are associated with a lower decline in entry rates while innovation support for large businesses seems rather associated with possible increases in entry barriers.
- **Education:** countries with higher levels of human capital (years of schooling) and with higher spending in education have experienced lower declines in dynamism.”

# OECD Model of Causes applied to Republic of Ireland

| FACTOR (OECD) reduce (-) or increase (+)EBR                                                                       | Applied to Republic of Ireland                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Higher intangibles ... (-)                                                                                        | <b>Strongly present</b> , driven by 10-20 O/s MNCs ....BUT not clear how impact                                                                              |
| (Higher) digital intensity (-)                                                                                    | <b>High presence</b> ....suggesting digital cos gain and then accumulate access ...<br><b>BUT Information and technology sector is amongst highest EBR!!</b> |
| Higher industry concentration (-)                                                                                 | Exporting sectors in small open economy not exceptionally “protected”, but if in <b>higher concentrated global sector (e.g. ICT, Pharma) may be so</b>       |
| Higher productivity dispersion between leaders and laggards (-)                                                   | <b>Significant dispersion exists within sectors and sizes (DofF 2018)</b> (if exaggerated by GDP/GNI* gap); <b>BUT dispersion ratios are at EU averages!</b> |
| Trade integration in Global Value Chains (-)                                                                      | <b>Strongly present throughout Rol economy, BUT avenue to growth for HGE</b>                                                                                 |
| Innovation support for large businesses (e.g. R+D Tax Credits) (-)                                                | Overseas MNCs/Large companies have high share of R+D spend and avail greatly of <b>R+D Tax Credits</b>                                                       |
| More mature industries, forward integration in GVCs, policies enhancing innovation (government-financed GERD) (+) | Strongly present also e.g. Food, Construction; mantra of going up Value-chain; <b>relatively low GERD</b>                                                    |
| Regulatory barriers and level playing field (-)                                                                   | <b>Still many barriers in eg professional services</b>                                                                                                       |
| Judicial efficiency and bankruptcy regulations (-)                                                                | <b>Challenging processes</b> (but recent reforms SCARP will assist)                                                                                          |
| Access to finance: (-)                                                                                            | <b>Fundamental and unequal access for SMEs and micros especially</b>                                                                                         |

# Questions to be explored

- **Question One: is the enterprise churn rate for Republic of Ireland really that relatively low?**
- **Question Two: what if any sectoral variation is there?**
- **Question Three : what sectoral variation is there for survival rates?**
- **Question Four: what if any spatial variation is there?**
- **Question Five: what are the causes of low enterprise churn rates in the Republic of Ireland?**
- **QUESTION SIX: WHAT ARE THE POLICY RESPONSES (NOW AND NEW)?**
- **Question Seven: what have we learnt from the analysis?**

*OECD (2021) "Business Dynamism during the covid 19 pandemic: which policies for an inclusive recovery"*

- Business dynamism – and in particular the process of firm entry and exit – is **key for creative destruction and to foster resource reallocation**, which are crucial elements of long-run economic growth.
- New and young firms are key for job creation, innovation, and economic growth. On average, across OECD countries, they employ around 20% of the total workforce and **create almost half of new jobs**. New firms are also key in the long-term sectoral transformation of the economy (Dent et al., 2016). In the United States, for example, **innovations by young firms account for half of aggregate productivity growth** (Klenow and Li, 2020).
- During recessions, however, a fall in firm entry may amplify the drop in output and reduce the speed of recovery (Clementi and Palazzo, 2016) and potentially **leave long-lasting scars to the economy** (Sedláček, 2020; Gourio, Messer and Siemer, 2016)
- In particular, entry of new businesses and their contribution to employment and innovation may be hampered by **constraints related to financial needs** and the lack of an ecosystem oriented towards entrepreneurship.
- **While these issues bear some similarities with the difficulties faced by incumbent firms**, policy interventions should not ignore the specificities of start-ups ... This requires resorting to a variety of instruments ... that should adapt to the different needs of business in their life cycle.

## **WHAT ARE THE POLICY RESPONSES/QUESTIONS (NOW)**

OECD (2021) Policy Recommendations, from NCPC (2021)

- 1 boosting technology diffusion for an inclusive digital transformation
- 2 providing the right environment and incentives for start-ups to innovate and grow, and for potential entrepreneurs to enter the market
- 3 ensuring business-friendly framework conditions, to foster experimentation and resource reallocation
- 4 supporting transitions into new jobs, especially for more disadvantaged groups of workers.

## WHAT ARE THE POLICY RESPONSES/QUESTIONS (NEW)?

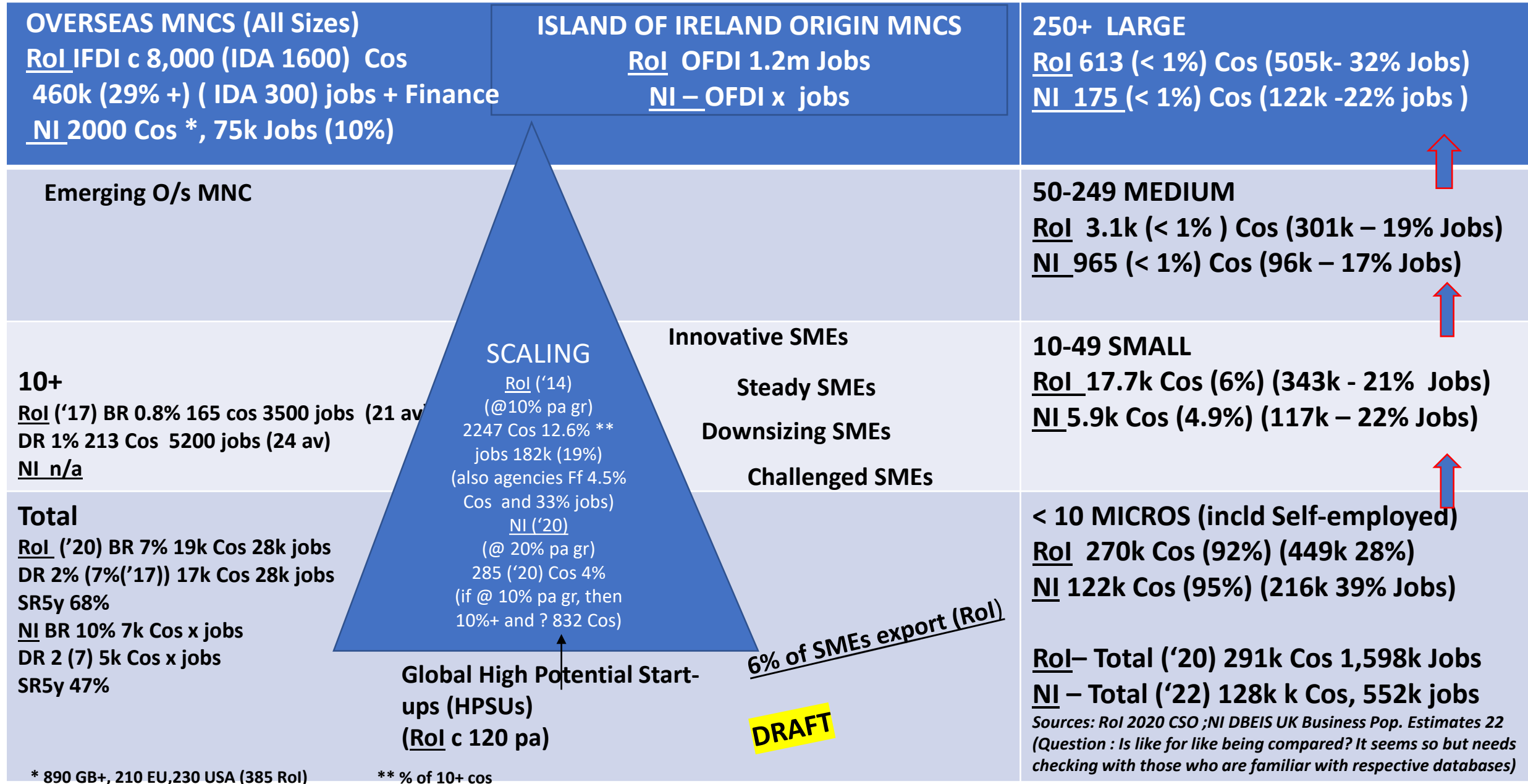
- What are the appropriate policy goals for business dynamism?
- Generally, high levels of Enterprise Business Births are a good thing?
  - Total Enterprises/Micro-Enterprises
  - Enterprises engaging 10+
- Are high levels of Enterprise Deaths (and so low levels of 5y business survival) ALSO usually a good thing?
  - *“a more limited resource reallocation from less productive firms to young SMEs”* (OECD 2019 on RoI)
  - Logically, in closed static economy, more entrants (EBR) necessitates more exits (EDR)
  - Schumpeter’s Creative Destruction – innovation as core of economy means change and transfer
  - For both Micros? And also enterprises 10+
  - Does more exits lead to
    - transfer of resources to higher productive SMEs,
    - In a Small Open Economy (SOE), is greater churn the main way to greater competition? Especially if the issue of low churn is primarily a micro-enterprise issue? Could more exits just lead to higher imports, or larger companies gain of share?
    - Is key a Growing Economy, that allows for greater Enterprise Churn alongside workforce/regions gains
    - What about rural areas, with low levels of enterprise birth rates anyway?
    - Period of systematic challenge – fiscal crisis, Brexit, covid, energy etc. – risk of economic “scars” (OECD)
- Role of structural constraints in RoI economy on SMEs and micros? ... SMEs/micros/startups have less/dearer access to credit, R+D supports – greater access by larger companies – impacts??
- Does FDI/Large cos jobs growth mean less reason to set up in business?

(ROI seems to have much higher share of jobs in large cos (at ROI 32% v. NI 22% - needs checking), BUT Dublin has both highest Large Co % Jobs AND highest rate of new company formation)
- Context of company life-cycle? ????

## QUESTION SEVEN: WHAT ARE THE POLICY RESPONSES/QUESTIONS (NEW) 2?

- *“a more limited resource reallocation from less productive firms to young SMEs” (OECD 2019 on RoI)* within sectors, leading to lower productivity – assumes higher churn in low or/and declining productivity sectors (e.g. food production, retail, accommodation, legal and accounting) will increase intra-sectoral (not inter-sectoral) flows of skills and finance to more productive firms (not just young SMES?)
- How does all that shift of resources **work for regional towns and rural areas**, as well as for urban areas, given lower dynamism in such areas?
- Perhaps part of a **wider (and maybe sector specific) enterprise structure** and of a framework of resource release, movement and allocation?

# A need for deeper understanding of wider enterprise sector system, structure and dynamism?



# Questions to be asked

- **Question One: is enterprise churn rate for Republic of Ireland really that relatively low?**
- **Question Two: what if any sectoral variation is there?**
- **Question Three: what if any is there spatial variation?**
- **Question Four: what sectoral variation is there for survival rates?**
- **Question Five: what are the causes of low enterprise churn rates in the republic of ireland?**
- **Question Six: what are the policy responses (now and new)?**
- **QUESTION SEVEN: WHAT HAVE WE LEARNT?**

## Question Seven: what have we learnt from analysis?

- For RoI Total Enterprises, Enterprise Birth Rate, Enterprise Death Rate and Enterprise Churn rate are all low relative to most other economies
- For RoI Total Enterprises, Enterprise Five Year Survival Rates (the inverse of Enterprise Death Rates) are correspondingly and uniquely high (but covid year – if follow EDR trend then cld 5 year survival rates be closer to EU norm?).
- For RoI Enterprises with 10+ jobs, however, the Enterprise Birth, Death and Churn Rates are generally more in the middle of performance relative to a selection of other economies
- **So the low Enterprise Churn issue in the Republic of Ireland is primarily a micro-enterprise issue? It appears so.....**
- There is considerable sectoral variation within compared economies, but less so within the RoI.
- For both RoI and NI, the more urban areas have higher new entrants rates.

## Question Seven: what have we learnt from the analysis? 2

- OECD models of causes for declining business dynamism suggests for ROI the following factors are key:
  - **dispersion of performance** between leaders and laggards  
(BUT such dispersion while high in the ROI is similar to EU levels (CSO))
  - Substantial presence of **globally high concentration sectors** like ICT and pharma  
(BUT Information and Comms sector has one of highest Enterprise Birth Rates!)
  - **Access to finance** for SMEs and especially micros
  - **Relatively low GERD** and especially for SME access
  - **High innovation support for large/MNC** companies e.g. R+D tax credits
  - **Regulatory barriers** and level playing field
  - **Judicial efficiency** and bankruptcy regulations
  - **-> Indicates potential structural reasons for low Enterprise Birth Rates especially micros**
  - -> also does success of Large cos (both FDI and Irish) and of **employment growth** and opportunities reduce incentive to set up businesses?
  - -> also are there weaknesses of Irish based **supply chains** of larger cos that reduces opportunities for new start-up sub-suppliers within sector here??
  - The **basis for low Enterprise Death Rates and high Survival Rates unclear**

### Question Seven: what have we learnt from the analysis? 3

- OECD Policy recommendations are sensible for general development but it is not clear for RoI which specific problem and/or specific causes are being targeted
- **What should be the appropriate policy goals for business dynamism and enterprise structure needs (considerable) reflection – especially increasing the enterprise exit rate**
- Perhaps it is in the context of the wider enterprise structure at overall but especially at sectoral level that such issues can be better understood
- In short, more work to be done on understanding macro, regional and sectoral enterprise system, structures and flows!!

- **YOUR QUESTIONS, SOME ANSWERS AND MORE QUESTIONS!**

ANNEX

**Enterprise Births (Total) employment share ranges RoI 1-2%, and for other countries 1-4% (UK, France and Estonia 3-4%)**

|                                                          |                                                                                                                                                                                                                                        |        |        |         |        |  |  |  |  |  |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|---------|--------|--|--|--|--|--|
| Economical indicator for structural business statistics  | Employment share of enterprise births: number of persons employed in the reference period (t) among enterprises newly born in t divided by the number of persons employed in t among the stock of enterprises active in t - percentage |        |        |         |        |  |  |  |  |  |
| Size classes in number of employees                      | Total                                                                                                                                                                                                                                  |        |        |         |        |  |  |  |  |  |
| Statistical classification of economic activities in the | Business economy except activities of holding companies                                                                                                                                                                                |        |        |         |        |  |  |  |  |  |
|                                                          |                                                                                                                                                                                                                                        |        |        |         |        |  |  |  |  |  |
| TIME                                                     | 2009                                                                                                                                                                                                                                   | 2015   | 2017   | 2019    | 2020   |  |  |  |  |  |
| GEO (Labels)                                             |                                                                                                                                                                                                                                        |        |        |         |        |  |  |  |  |  |
| European Union - 27 countries (from 2007)                | :                                                                                                                                                                                                                                      | :      | :      | 2.58    | 2.20   |  |  |  |  |  |
| Denmark                                                  | 1.37                                                                                                                                                                                                                                   | 1.45   | 1.52   | 1.47    | 1.53   |  |  |  |  |  |
| Germany (until 1990 former territory of the              | 1.67 e                                                                                                                                                                                                                                 | 1.22 e | 1.16 e | 1.62 be | 1.23 e |  |  |  |  |  |
| Estonia                                                  | :                                                                                                                                                                                                                                      | c 2.59 | 3.09   | 2.88    | 3.50   |  |  |  |  |  |
| Ireland                                                  | 0.95                                                                                                                                                                                                                                   | 1.64 e | 1.52 e | :       | 1.72 e |  |  |  |  |  |
| France                                                   | 2.83                                                                                                                                                                                                                                   | 2.59   | 2.70   | 3.45    | 3.28 b |  |  |  |  |  |
| Finland                                                  | 0.70                                                                                                                                                                                                                                   | 1.04   | 1.51   | 1.44    | 1.54   |  |  |  |  |  |
| United Kingdom                                           | 2.77                                                                                                                                                                                                                                   | 3.86   | 3.77   | :       | :      |  |  |  |  |  |

**Average size of newly born enterprises (Total Enterprises) – RoI 1-1.5 persons, most other countries 0.5 to 2, and UK 2-3.**

|                                                          |                                                                                                                                                                                                |        |        |         |        |  |  |  |  |  |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|---------|--------|--|--|--|--|--|
| Economical indicator for structural business statistics  | Average size of newly born enterprises: number of persons employed in the reference period (t) among enterprises newly born in t divided by the number of enterprises newly born in t - number |        |        |         |        |  |  |  |  |  |
| Size classes in number of employees                      | Total                                                                                                                                                                                          |        |        |         |        |  |  |  |  |  |
| Statistical classification of economic activities in the | Business economy except activities of holding companies                                                                                                                                        |        |        |         |        |  |  |  |  |  |
|                                                          |                                                                                                                                                                                                |        |        |         |        |  |  |  |  |  |
| TIME                                                     | 2009                                                                                                                                                                                           | 2015   | 2017   | 2019    | 2020   |  |  |  |  |  |
| GEO (Labels)                                             |                                                                                                                                                                                                |        |        |         |        |  |  |  |  |  |
| European Union - 27 countries (from 2007)                | :                                                                                                                                                                                              | :      | :      | 1.33    | 1.24   |  |  |  |  |  |
| Denmark                                                  | 0.92                                                                                                                                                                                           | 1.11   | 1.05   | 1.07    | 1.09   |  |  |  |  |  |
| Germany (until 1990 former territory of the              | 1.56 e                                                                                                                                                                                         | 1.72 e | 1.77 e | 1.89 be | 1.90 e |  |  |  |  |  |
| Estonia                                                  | : c                                                                                                                                                                                            | 1.38   | 1.36   | 1.32    | 1.39   |  |  |  |  |  |
| Ireland                                                  | 0.90                                                                                                                                                                                           | 1.27 e | 1.06 e | :       | 1.50 e |  |  |  |  |  |
| France                                                   | 1.30                                                                                                                                                                                           | 1.26   | 1.17   | 1.14    | 1.09 b |  |  |  |  |  |
| Finland                                                  | 0.40                                                                                                                                                                                           | 0.86   | 0.82   | 0.93    | 0.95   |  |  |  |  |  |
| United Kingdom                                           | 2.55                                                                                                                                                                                           | 2.30   | 2.35   | :       | :      |  |  |  |  |  |

## Enterprise Deaths – Enterprise Deaths with 10+ Jobs as % of All Enterprise Deaths (less than 4%)

|                                                                               |                                                                                        |      |      |      |      |      |   |  |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------|------|------|------|------|---|--|
| Economical indicator for structural business statistics                       | Proportion of enterprise deaths in the reference period (t) by size class - percentage |      |      |      |      |      |   |  |
| Size classes in number of employees                                           | 10 employees or more                                                                   |      |      |      |      |      |   |  |
| Statistical classification of economic activities in the reference period (t) | Business economy except activities of holding companies                                |      |      |      |      |      |   |  |
|                                                                               |                                                                                        |      |      |      |      |      |   |  |
| TIME                                                                          | 2009                                                                                   | 2015 | 2017 | 2019 | 2020 |      |   |  |
| GEO (Labels)                                                                  |                                                                                        |      |      |      |      |      |   |  |
| European Union - 27 countries (from 2007)                                     | :                                                                                      | :    | :    | 0.53 | u    | 0.53 | u |  |
| Denmark                                                                       | 0.24                                                                                   | 1.14 | 0.19 | 0.14 |      | 0.10 | p |  |
| Germany (until 1990 former territory of the Federal Republic of Germany)      | 0.17                                                                                   | 0.16 | 0.16 | 0.46 | b    | 0.90 |   |  |
| Estonia                                                                       | 2.79                                                                                   | 1.90 | 1.82 | 1.49 |      | 1.37 | p |  |
| Ireland                                                                       | 1.22                                                                                   | p    | 1.28 | 1.06 | p    | 1.65 | p |  |
| France                                                                        | 2.60                                                                                   | 0.45 | 0.49 | 0.48 |      | 0.46 | b |  |
| Finland                                                                       | 0.31                                                                                   | 0.48 | 0.87 | 0.51 |      | 0.35 |   |  |
| United Kingdom                                                                | 3.25                                                                                   | 3.40 | 2.82 | :    |      | :    |   |  |

## Enterprise Births (10+ Enterprises ) employment share ranges RoI less than 1%, and for other countries 0.5-2%

|                                                          |                                                                                                                                                                                                                                     |   |      |   |      |   |      |    |      |   |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------|---|------|---|------|----|------|---|
| Economical indicator for structural business statistics  | Employment share of enterprise births: number of persons employed in the reference period (t) among enterprises newly born in t divided by the number of persons employed in t among the stock of enterprises active in t - percent |   |      |   |      |   |      |    |      |   |
| Size classes in number of employees                      | 10 employees or more                                                                                                                                                                                                                |   |      |   |      |   |      |    |      |   |
| Statistical classification of economic activities in the | Business economy except activities of holding companies                                                                                                                                                                             |   |      |   |      |   |      |    |      |   |
|                                                          |                                                                                                                                                                                                                                     |   |      |   |      |   |      |    |      |   |
| TIME                                                     | 2009                                                                                                                                                                                                                                |   | 2015 |   | 2017 |   | 2019 |    | 2020 |   |
| GEO (Labels)                                             |                                                                                                                                                                                                                                     |   |      |   |      |   |      |    |      |   |
| European Union - 27 countries (from 2007)                | :                                                                                                                                                                                                                                   |   | :    |   | :    |   | 0.40 |    | 0.35 |   |
| Denmark                                                  | 0.05                                                                                                                                                                                                                                |   | 0.12 |   | 0.09 |   | 0.11 |    | 0.14 |   |
| Germany (until 1990 former territory of the              | 0.15                                                                                                                                                                                                                                | e | 0.14 | e | 0.14 | e | 0.28 | be | 0.31 | e |
| Estonia                                                  | :                                                                                                                                                                                                                                   | c | 0.37 |   | 0.40 |   | 0.29 |    | 0.69 |   |
| Ireland                                                  | 0.04                                                                                                                                                                                                                                |   | :    | c | 0.31 | e | :    |    | 0.77 | e |
| France                                                   | 0.36                                                                                                                                                                                                                                |   | 0.25 |   | 0.14 |   | 0.16 |    | 0.10 | b |
| Finland                                                  | 0.10                                                                                                                                                                                                                                |   | 0.05 |   | 0.24 |   | 0.16 |    | 0.29 |   |
| United Kingdom                                           | 1.16                                                                                                                                                                                                                                |   | 1.49 |   | 1.38 |   | :    |    | :    |   |

## Average size of newly born enterprises (10+ Enterprises) – RoI 19-45 persons, most other countries 13-36, and UK (26-36)

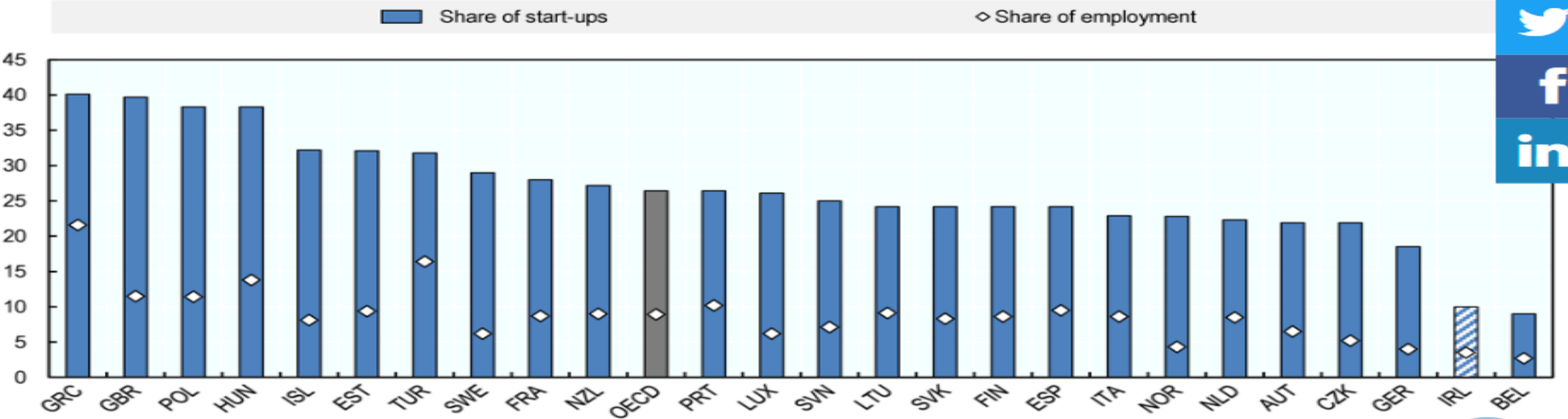
|                                                                           |                                                                                                                                                                                                               |         |         |          |      |         |   |  |  |  |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------|------|---------|---|--|--|--|
| Economical indicator for structural business statistics                   | Average size of newly born enterprises: number of persons employed in the reference period (t) among enterprises newly born in t divided by the number of enterprises newly born in t - number of enterprises |         |         |          |      |         |   |  |  |  |
| Size classes in number of employees                                       | 10 employees or more                                                                                                                                                                                          |         |         |          |      |         |   |  |  |  |
| Statistical classification of economic activities in the reference period | Business economy except activities of holding companies                                                                                                                                                       |         |         |          |      |         |   |  |  |  |
| TIME                                                                      | 2009                                                                                                                                                                                                          | 2015    | 2017    | 2019     | 2020 |         |   |  |  |  |
| GEO (Labels)                                                              |                                                                                                                                                                                                               |         |         |          |      |         |   |  |  |  |
| European Union - 27 countries (from 2007)                                 | :                                                                                                                                                                                                             | :       | :       | :        | c    | 27.92   | u |  |  |  |
| Denmark                                                                   | 14.76                                                                                                                                                                                                         | 14.49   | 14.73   | 17.02    |      | 17.48   |   |  |  |  |
| Germany (until 1990 former territory of the DDR)                          | 13.87 e                                                                                                                                                                                                       | 13.84 e | 13.84 e | 23.06 be |      | 34.87 e |   |  |  |  |
| Estonia                                                                   | 18.55                                                                                                                                                                                                         | 18.03   | 17.34   | 13.68    |      | 20.01   |   |  |  |  |
| Ireland                                                                   | 18.62                                                                                                                                                                                                         | :       | c       | 21.47 e  | :    | 45.03 e |   |  |  |  |
| France                                                                    | 16.33                                                                                                                                                                                                         | 28.22   | 22.85   | 27.23    |      | 20.56 b |   |  |  |  |
| Finland                                                                   | 20.85                                                                                                                                                                                                         | 17.35   | 20.84   | 16.08    |      | 22.69   |   |  |  |  |
| United Kingdom                                                            | 35.56                                                                                                                                                                                                         | 29.62   | 25.81   | :        |      | :       |   |  |  |  |

OECD (2019) RoI start-ups share of employment at 5% is half of that of 10% OECD average.  
(OECD average 90% of employment is in established companies).



Figure 2.9. **Share of start-ups and their employment, business economy**

As a percentage of all employer enterprises and of employment in all employer enterprises, 2015



*Note:* Employer start-ups include all employer enterprises that are up to two years old, i.e. the newly-born enterprises plus those that are one and two years old.

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

 **StatLink** <http://dx.doi.org/10.1787/888934004352>

