



EUROSTAT QUALITY PROFILE

Indicator (definition)	Business demography: Birth rate - Number of real enterprise births of year n, divided by the population of active enterprises of year n. Survival rate - The percentage of all real enterprise births of year n-2 which are still active in year n. Death rate - Number of real enterprise deaths of year n, divided by the population of active enterprises of year n.
Eurostat Unit	Structural business statistics
Other Commission DGs	Enterprise and Industry DG
European Statistical System Working Group (WG)	Business Demography
Date	July 08

1. Overall assessment of accuracy and comparability (Description of quality grades under the following link: http://circa.europa.eu/Public/irc/dsis/structind/library?!=general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d)

A B C Indicator to be developed

Data is collected from reliable sources applying high standards with regard to the methodology. The data availability is quite limited and the computation of EU-15 and EU-27 figures is not possible. Restrictions in comparability over time are related to the construction of the indicator and the small size of the time series presently available.

2. Objective and relevance of the indicator:

The purpose of the business demography statistics is to monitor the changes in the enterprises due to enterprise birth and death, and to describe the development of the surviving enterprises. Thus, enterprise demographic indicators measure the existing stock of active enterprises and its transformation over time. From these data, the birth rates, survival rates of newly born enterprises and death rates can be derived. While data is collected on survival up to five years after enterprise birth, two-year survivals are used as a Structural Indicator.

Business demography indicators provide information on start-ups, deaths and survivability at a relatively detailed activity level and use common definitions for these variables as well as the definition of an enterprise. They are based on information coming from national business registers which, in theory, capture all business entry and exit. Using a specific methodology, genuine enterprise births and deaths are distinguished from creations or cessations which may reflect only changes in ownership, activity or legal form.

The main goal of the Lisbon strategy requires policies supporting entrepreneurship in EU. The creation of new businesses and the demise of unproductive ones are fundamental aspects of business dynamism in the EU economy. Policy makers are increasingly interested in business creation, creative destruction as well as in the characteristics of successful and failing businesses. The success of policies aiming at fostering entrepreneurship in Member States can largely be measured using business demography data.

Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

A number of Member States do not yet transmit comparable business demography data. As a consequence there are several missing time series and no EU aggregates are produced.

3. Data availability: details

(t₁: earliest reference year available; t₂: latest reference year available in July 2008)

Birth rate:

	Member States	Candidate and Accessing Countries	US and Japan	EEA-EFTA
t ₁	1998: BE, ES, IT, LU, PT, FI, SE, UK 1999: NL 2000: EE, LV, LT, HU, RO, SI, SK 2001: CZ 2003: DK 2004: BG, CY	-	-	2001:NO 2003: CH
t ₂	2000: BE 2003: DK, LT 2005: BG, CZ, EE, ES, IT, CY, LV, LU, HU, NL, PT, RO, SI, SK, FI, SE, UK	-	-	2002:NO 2004: CH

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Survival rate:

	Member States	Candidate and Accessing Countries	US and Japan	EEA-EFTA
t ₁	2000: ES, IT, LU, PT, FI, SE, UK 2001: NL 2002: EE, LV, LT, HU, RO, SI, SK 2003: CZ	-	-	2005: CH
t ₂	2003: LT, PT 2005: CZ, EE, ES, IT, LV, LU, HU, NL, RO, SI, SK, FI, SE, UK	-	-	2005: CH

Comments: No data for PT in 2001 and 2002.

Death rate:

	Member States	Candidate and Accessing Countries	US and Japan	EEA-EFTA
t ₁	1997: BE, ES, LU, PT, FI, SE, UK 1998: IT, 2000: CZ, EE, LV, LT, HU, NL, RO, SI, SK, 2004: BG	-	-	2001: NO 2003: CH
t ₂	1999: BE 2002: LT 2004: BG, CZ, IT, LU, HU, NL, PT, SK, FI 2005: EE, ES, LV, RO, SI, SE, UK	-	-	2001: NO 2004: CH

4. Overall accuracy

High

Restricted



The Eurostat-OECD Manual on Business Demography Statistics provides the guidelines to be used for data production by the member states based on national business registers. In addition the methodology

and definitions for the source data are based on the Eurostat-OECD Manual on Business Demography Statistics. Data are collected under Gentlemen agreement within the context of the development of Structural Business Statistics.

The national business registers serve as the sources for the Business Demography data. The business registers hold data on the creation and cessation of enterprises, their economic activity, their legal form, employment, turnover, and other information. No samples are drawn from the registers, but the full registers are processed. In principle there is no size threshold although for many countries, business registers have a low threshold due to the coverage criteria of sources used to establish and update the register.

Error checks are performed by Eurostat on data reception. This involves a pre-treatment to align received data to the standard transmission format when this has not been fully respected. If activity and size aggregations have not been provided, these are calculated. If they have been provided they are checked for coherency, in order to ensure, for instance, that there are not more surviving enterprises in a stratum than there were births the previous year.

In the event that records are missing it is verified whether this is because the data is not available or because in fact there are no enterprises in the strata concerned

Data are revised, when errors have been found in previously published data, or where there have been improvements in compilation methods.

5. Comparability across countries

High	<input type="checkbox"/>	Although the business demography statistics are produced in a unified way based on the recommendations manual some differences stemming from the data sources can occur.
Restricted	<input checked="" type="checkbox"/>	Different administrative sources depending on national law, as well as surveys, are used to update the business registers. More importantly the presence of different size thresholds in business registers may have a substantial impact on comparability especially on data for start-ups. Country specific footnotes are available that explain some characteristics distinguishing the data of the concerned countries from the others. Most countries have produced business demography data, derived from statistical business registers. However, not all Member States have participated in the first three harmonised data collection exercises. Data from some Member States is not available which limits the comparability across countries and does not allow the computation of EU-15 or EU-27 figures.

6. Comparability over time

High	<input type="checkbox"/>	Reasonable comparable time series are available for some countries. For
Restricted	<input checked="" type="checkbox"/>	some others, there are disruptions in series and the time coverage varies from one country to the other (the longest series start in 1997).

7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

The new regulation 177/2008 on business registers to replace regulation 2186/93, has come into force. It will improve the quality of national business registers, the main source of data for the production of business demography. Annex IX Regulation 295/2008 on Structural Business Statistics provides a legal basis for the data collection on Business Demography and makes reference to the “Eurostat-OECD Manual on Business Demography Statistics”, which was released in 2007.

8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis

The indicator contributes to the monitoring of the objective of promotion of entrepreneurship in order to improve competitiveness and generate economic growth and job opportunities. The creation of new enterprises, as well as their death and survival rates is one of the main mechanisms that show the capacity to

adapt to changing market conditions, together with investment, innovation and training.

Relevant European legislation

Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics (recast), Annex IX.

Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93

Council Regulation (CE) No 322/97 of 17 February 1997 (OJ No L 52/1) and Council Regulation (EURATOM, EEC) no 1588/90 of 11 June 1990 on the transmission of the data subject to statistical confidentiality to the Statistical Office of the European Communities (OJ No L 151/ 1).

[Top of the page](#)