

Employment creation in start-ups

Key facts

- The employment generated by start-ups, i.e. newly created enterprises and those aged one and two years, ranges from 4% to 15% of total employment in most countries. The contribution of start-ups to total employment decreased in 2013 compared to 2008 in many countries where data are available.
- In many countries, one-year-old firms account for more employment than new firms, and two-year-old-firms account for a similar share of employment as one-year-old firms. This is the case despite firms' high probability of failure in their first few years of operation, reflecting employment growth in surviving firms.

Definitions

Employer start-ups, as defined in this publication, 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.

The *employment share of employer start-ups* refers to the number of persons employed by the population of employer enterprises that have existed for up to two years, divided by the total number of persons employed in all employer enterprises.

The *employment in the first (second) survival year* of employing enterprises refers to the number of persons employed in employer enterprises surviving one (two) years, divided by the total number of persons employed in employer enterprises.

The *average size of newly-born employer enterprises* is expressed as the number of persons employed in the reference period (t) in enterprises born in t divided by the number of enterprises born in t.

The *average size of one-year-old (two-year-old) employer enterprises* refers to the number of persons employed in the reference period (t) in enterprises born in t-1 (t-2) that survived to t divided by the number of enterprises in t born in t-1 (t-2) having survived to t.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

- Generally, start-ups account for a more important employment share in services and construction, where the churning of enterprises is high.

Relevance

The study of employment shares in young surviving enterprises contributes to the understanding of the role that different firms have in overall employment changes in the economy.

Comparability

Data presented refer to the whole population of employer enterprises. For Israel, statistics on employment in employer enterprise births and surviving enterprises refer to the number of employees and not to the persons employed. Data for Denmark, Estonia, Finland, the Netherlands and Portugal exhibit a break in the series in 2013.

Source

OECD Structural and Demographic Business Statistics (SDBS) (database), <http://dx.doi.org/10.1787/sdbs-data-en>.

Further reading

Ahmad, N. (2006), "A Proposed Framework for Business Demography Statistics", *OECD Statistics Working Papers*, No. 2006/3, OECD Publishing, Paris, <http://dx.doi.org/10.1787/145777872685>.

Criscuolo, C., P.N. Gal and C. Menon (2014), "The Dynamics of Employment Growth: New Evidence from 18 Countries", *OECD Science, Technology and Industry Policy Papers*, No. 14, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5jz417hj6hg6-en>.

Haltiwanger, J., R.S. Jarmin and J. Miranda (2010), "Who creates jobs? Small vs. Large vs. Young", *Discussion Papers*, US Census Bureau, www.nber.org/papers/w16300.pdf?new_window=1.

OECD/Eurostat (2008), *Eurostat-OECD Manual on Business Demography Statistics*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264041882-en>.

Figure 5.7. **Employment share of start-ups**
Percentage of employment in employer enterprises
Total business economy

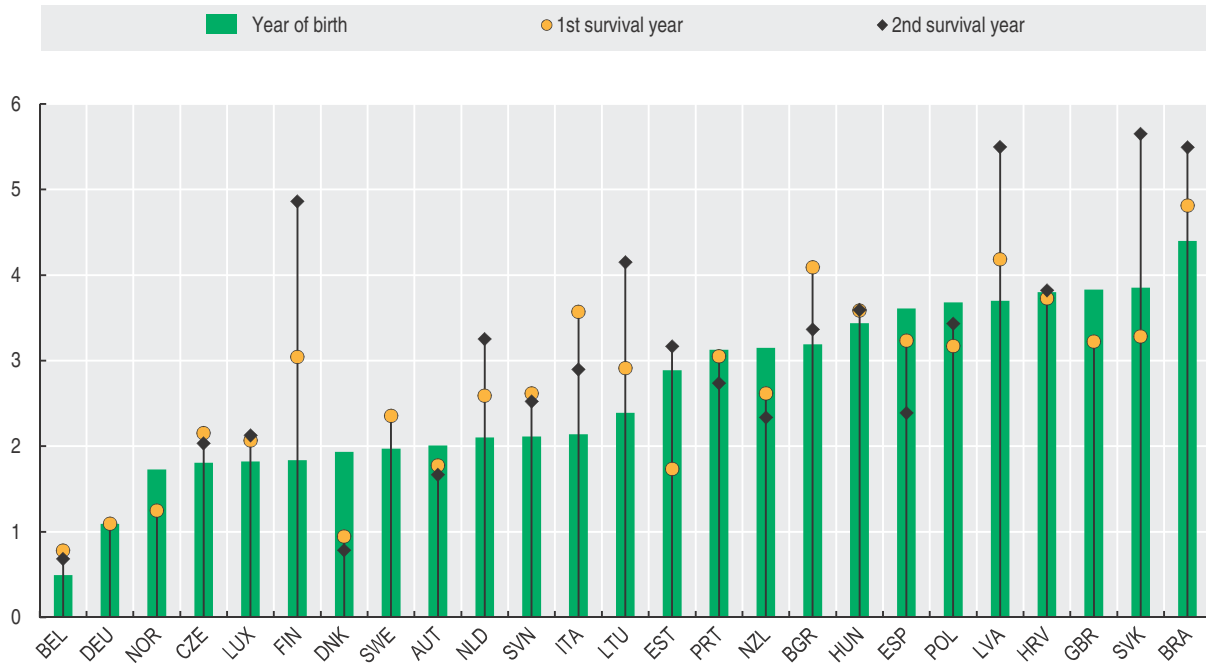


StatLink <http://dx.doi.org/10.1787/888933404190>

5. ENTERPRISE GROWTH AND EMPLOYMENT CREATION

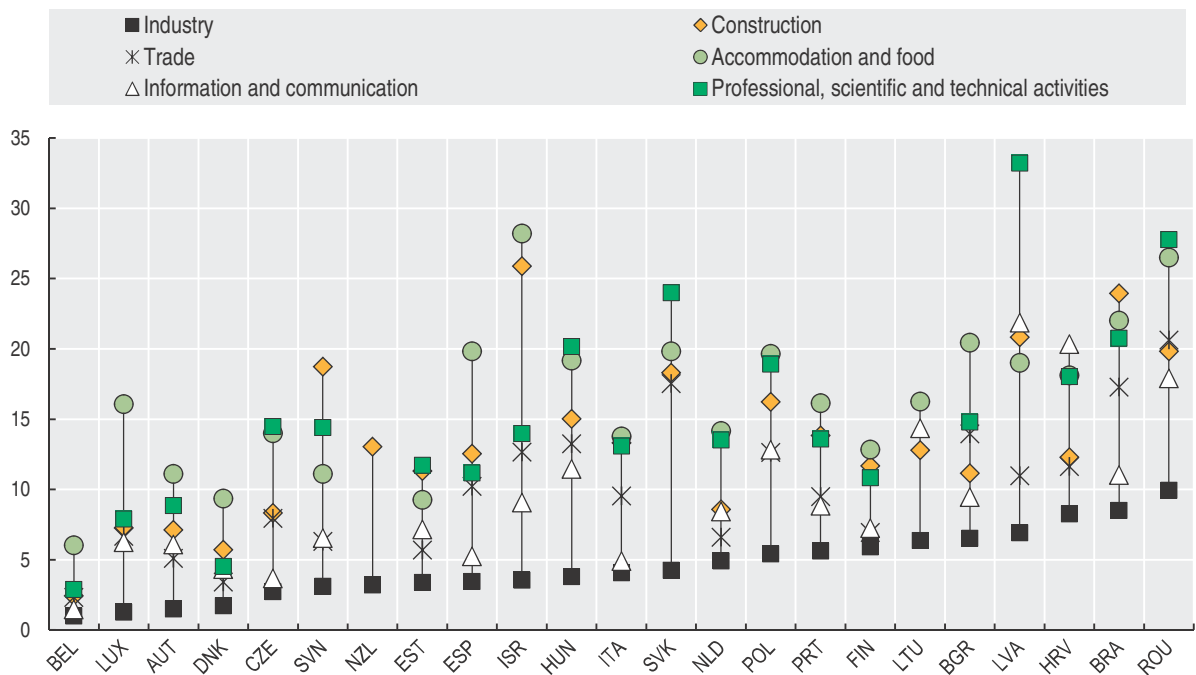
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Figure 5.8. **Employment share of employer start-ups, by enterprise age**
Percentage of employment in employer enterprises, total business economy, 2013, or latest available year



StatLink <http://dx.doi.org/10.1787/888933404202>

Figure 5.9. **Employment share of employer start-ups, by economic activity**
Percentage of employment in employer enterprises, total business economy, 2013, or latest available year



StatLink <http://dx.doi.org/10.1787/888933404217>

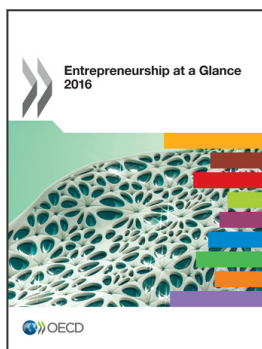
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Figure 5.10. Average size of employer start-ups, by enterprise age and main sector
2013, or latest available year



StatLink <http://dx.doi.org/10.1787/888933404222>



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