WP2.1 Global Statistical Overview of High-growth, innovative companies

The European Commission’s science and knowledge service
Joint Research Centre
WP2.1 INNOVA III

Maria Del Sorbo

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Aim of the study

• To show the current evidence on **the EU28-US data comparability on firm demography and performance** (by sector and by size) [graph = across the life cycle of companies: birth, scaling up, deaths?]

• To identify **EU-US high-growth firms patterns** and **trends comparisons in innovation** (by sector and by size)
Issues identified and method followed

- Several data sources with
- Different data coverage
- Uncertainty, which data to use?
- Multitude of definitions
  - What is a firm?
  - Employer – non-employer
  - Size class & sectoral breakdowns
  - Aggregates (EU MS vs EU total)

- Explore the differences & similarities across different data sources
- Produce data analyses triangulating different data sources to enable a valid EU – US comparisons
Number of enterprises per 1000 inhabitants
Business Economy

Europe 28

United States

Non-Employers & employers

Employers only
Number of enterprises per 1000 inhabitants

Overall US dominance [TOTAL] due to higher per capita rate of non-employer firms & “0”s

Micro firms (1-9): EU dominance

SMEs & large firms (10+): US & EU neck-and-neck; differences due to data source

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Number of Employer Enterprise Births std by 1000 inhabitants
Business Economy

Europe 28 (except EL)

United States
Europe 28 (except EL) vs United States

Employer Enterprise Birth rate

- Europe 28 (except EL)
  - 2012: 10.42
  - 2013: 10.64
  - 2014: 11.52

- United States
  - 2007: 8.55
  - 2008: 7.41
  - 2009: 6.76
  - 2010: 7.16
  - 2011: 7.47
  - 2012: 7.41

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Conclusions: EU28 and US, is there a business gap?

Business Economy, business demography indicators per 1000 inhabitants

- The number of all (non-employer and employer) enterprises is larger in US compared to EU28 (it is around 63 in US and 50 in EU28, 2014)
- The number of employer enterprises is larger in EU28 compared to US in the three years considered 2012-2014
- The number of non-employer enterprises is larger in US compared to EU28 (48 against 31, 2014)
- The number of employer enterprise births: EU28>US (2.47 employer enterprises against 0.90 in US, 2013 comparable year)
- The employer enterprise birth rate: EU28>US (10.42 employer enterprises against 7.41 in US, 2012 comparable year)
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Technical appendix- WP2.1 INNOVA III
Achieved activities

✓ Identification of the object and dimensions of the study (EU-US comparisons using indicators for demography of high-growth firms, e.g. number or share in population; and scale-up firms performances, e.g. turnover and number of employees)
✓ Data downloading (Eurostat, OECD and US census database)
✓ Exploration of the potential ORBIS dataset(s) access
✓ Review of previous reports on HGFs

On going activities

A. Updating data downloading (Eurostat, OECD and US census database)
B. Data analyses and comparisons
C. Writing up study section I: 1. Entrepreneurship and business demography; 2. structure and performance of the firm population; 3. Productivity by firm size; 4. Scaling-up; 5. Support for growth (based on Eurostat and OECD data)
D. Writing up study section II: 6. the growth of listed companies (top EU and US companies); 7. patterns of companies growth; 8. EU-US trends comparisons in innovation (based on ORBIS data)

Added value
What we can learn from a systematic country comparisons?
Business Economy, **number of employer enterprise births** per 1000 inhabitants:
- EU28>US (2.47 employer enterprises against 1.14 in US, 2013 comparable year)

Business Economy, **employer enterprise birth rate**
- EU28>US (10.42 employer enterprises against 7.41 in US, 2012 comparable year)

**Follow up:**
- What will be the business gap in terms of growth and innovation between EU28 and US?
- What data sources will be more reliable?