

# Introduction to Business Demography, Dynamics and Entrepreneurial Activities

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## **Outline of the Presentation**

- **Basic Concepts on Business Demography**
- **Demographic Events**
- **United Nations Committee of Experts on Business and Trade Statistics, and its Task Team on Business Dynamics, Demography and Entrepreneurship**
- **Manual on Principal Indicators for Business and Trade Statistics**

# **Basic concepts on Business Demography**

## **Business Demography – Basic Concepts**

- **Business demography covers events, such as births and other creations of units, deaths and other cessations of units, and their ratio to the business population.**
- **It covers follow-up of units in time dimension, thus gaining information on their survival or discontinuity.**
- **It also covers the development in time dimension according to certain characteristics like size, thus gaining information on the growth of units, or a cohort of units, by type of activity**

**Source: OECD Manual on Business Demography Statistics, 2008**

## Statistical Units – Enterprise vs Establishment

2008 SNA/ISIC Rev. 4 statistical units model

		Partition by location	
		No	Yes
Partition by activity	No	Enterprise	Local unit
	Yes	Kind-of-activity unit	Establishment (local KAU)

- An enterprise is an institutional unit in its capacity as a producer of goods and services. It is an economic transactor with autonomy in respect of financial and investment decision-making, as well as authority and responsibility for allocating resources for the production of goods and services.
- The establishment is defined by partitioning the enterprise by location and activity.

## **Business Demography – Statistical Units**

**Demographic information can in principle be produced for any statistical unit.**

- **Europe: political interest is on enterprise demography.**
- **In other regions, business demography data are often calculated based on establishments.**

## **Business Demographics Statistics**

- **Business demographic statistics provide data on the numbers of births and deaths of enterprises or establishments in a specific period, and on the number of enterprises or establishments that were born in a previous period and continued in (in other words, survived to) the specific period.**
- **Business demographic data are usually structured according to activity, legal form, size class, region and various other stratification characteristics. The main descriptive characteristics are employment and turnover.**

# Demographic Events



## Demographic Events

**A demographic event is defined as an event that has an impact on the existence of a statistical unit, or on links between statistical units.**

- **Changes of existence of combinations of production factors (e.g. births and deaths)**
- **Changes in the distribution of production factors (e.g. merger, takeover, split)**
- **Redistribution of the production factors within one enterprise group (e.g. insourcing)**
- **Redistribution of the production factors of more than one enterprise group (e.g. outsourcing)**

## Demographic Events – Existential Changes

- **Birth:** the creation of a combination of production factors with the restriction that no other enterprises are involved in the event.
  - A birth means that the enterprise starts from scratch and actually starts activity.
  - An enterprise creation can be considered as an enterprise birth if new production factors, in particular new jobs, are created. If a dormant unit is reactivated within two years, this event is not considered a birth.
- **Death:** the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event.

## **Demographic Events - Changes in the distribution of production factors:**

- **Concentration (multiple legal units turn into one):**
  - **Merger: all original units lose identity after the event**
  - **Takeover: one unit retains its identity**
- **Deconcentration (one legal unit turns into multiple):**
  - **Split-off: the original unit retains its identity after the event, other units are new**
  - **Break-up: all resultant units are new**
- **Complex structuring (redistribution of production factors across local units, enterprises, or enterprise groups)**

# **Task Team on Business Dynamics, Demography and Entrepreneurship**

## **Task Team on Business Dynamics, Demography and Entrepreneurship**

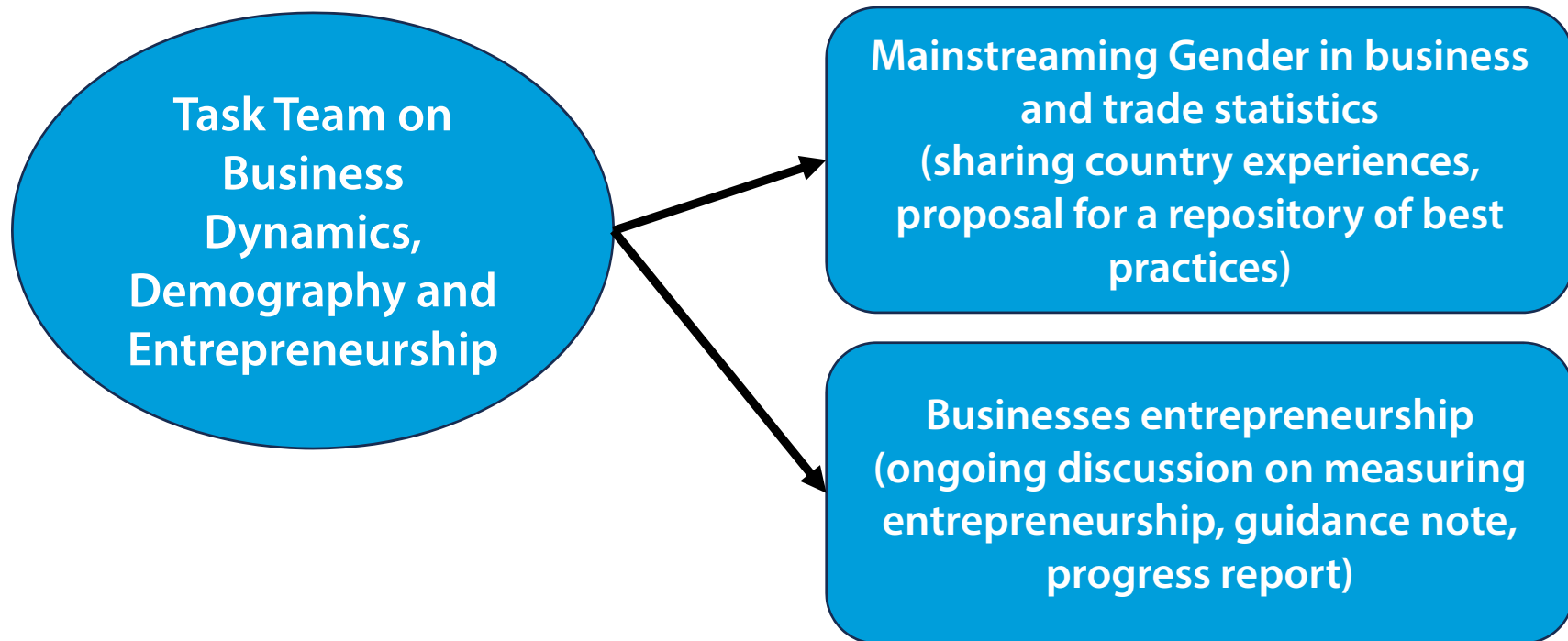
- **Created in 2018 under the United Nations Committee of Experts on Business and Trade Statistics (UNCEBTS)**
- **Chaired by INEGI Mexico**
- **Includes members from countries and international organizations**
- **Contributed to the Manual on Principal Indicators for Business and Trade Statistics**

## **Task Team on Business Dynamics, Demography and Entrepreneurship**

### **Objectives**

- **Lead a diagnosis of statistical practices in countries regarding business dynamics, business demography and entrepreneurship**
- **Identifying strengths, opportunity areas and data gaps to produce inputs for future recommendations to achieve international harmonization on the business demography and entrepreneurship statistics**
- **Developing a consistent conceptual and methodological framework for measuring statistics on the integration of gender in business and trade statistics**

## Task Team on Business Dynamics, Demography and Entrepreneurship – Two Work Streams in 2024



# **Manual on Principal Indicators for Business and Trade Statistics**



## **Manual on Principal Indicators for Business and Trade Statistics Vol.1**

- **The Manual represents a consolidation of the work of the Committee of Business and Trade Statistics (UNCEBTS), and three of its Task Teams:**
  - **Task Team on Business Dynamics, Demography and Entrepreneurship**
  - **Task Team on Globalization and Digitalization**
  - **Task Team on Well-Being and Sustainability**
- **It includes a total of 56 indicators in three sections, with each covering respective areas of work of the three Task Teams.**
- **It was submitted to the 53rd session of the United Nations Statistical Commission in March 2022.**

## Demographic Events in the Manual on Principal Indicators

- **Birth:** the creation of a combination of production factors with the restriction that no other enterprise is involved in the event
- **Death:** the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event.

The Manual on Principal Indicators also included the indicators related to young enterprises (< 5 years old), survival (age of an enterprise), high-growth (>10% annually for three consecutive years), and a combination of age and growth (gazelles).

## **Manual of Principal Indicators, section A**

### **Indicators on Business Dynamics, Demography and Entrepreneurship**

1. Number of active enterprises
2. Number of enterprise births
3. Employment created by enterprise births
4. Number of enterprise deaths
5. Loss of employment due to enterprise deaths
6. Number of X-year-old employer enterprises
7. Number of persons employed in X-year-old employer enterprises
8. Employment in the population of active enterprises
9. Employment share of enterprise births
10. Enterprise survival rate
11. Number of high-growth enterprises
12. Employment in high-growth enterprises
13. Number of young (up to 5-year old) high-growth enterprises (gazelles)
14. Employment in young (up to 5-year old) high-growth enterprises (gazelles)
15. Labour compensation paid by active enterprises
16. Gross Value Added produced by active enterprises

شكراً !

Thank you!

Teşekkür Ederim!

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