

# Entrepreneurship – describing the phenomenon

\*: indicators to be included in addition to original Tim Davis' list (Eurostat proposal)

## I Entrepreneurship Indicators

These indicators measure mainly in a quantitative, output-oriented fashion, the main characteristics of an economy in terms of entrepreneurship and how an economy is performing in terms of entrepreneurship. They pertain to the amount or rate of entrepreneurship and measure the outcome of the entrepreneurship process.

**(i) Entrepreneurship Occurrence and Performance Indicators** – These indicators measure the abundance of the entrepreneurship phenomenon in national economies, its failures and successes, and its turnover (churn) in the economy.

- Rate of new firm start-ups (e.g. new firms/population of active existing firms)
- \*Number of Initial public offerings (IPOs)
- Survival rate for new businesses
- Distribution of firms by age (proportion of young firms)
- Business churn (rates of the total dynamic of entry and exit)
- Rates of individual entrepreneurial activity (new entrepreneurs/population)
- Intrapreneurship: occurrence and forms it takes

**(ii) Entrepreneurship Manifestation Indicators** – These indicators show how entrepreneurship manifests itself based on a closer analysis of the phenomenon and reveal the structure of the economy with regard to entrepreneurship.

- Business ownership rate (number and/or rate of employer business owners versus sole proprietorships)
- \*Rate of owner-managed companies
- Rate of high-growth (and/or innovative) firms
- Measures of reactivations, revivals and/or resumptions
- Number of SMEs and importance of SMEs in total economy (share of employment, value added, investment etc. in SMEs)
- \*Data on the social economy: non-market or social entrepreneurship

**(iii) Entrepreneurship Impact Indicators** – These indicators measure the impact or outcome of entrepreneurship.

- Employment creation through entrepreneurship, rate of self-employment (self - employment/labour force)
- Characteristics of new firms (coupled with measures of growth or success)
- Business performance indicators (turnover, value added, investment, etc.) of new firms
- Business performance indicators (turnover, value added, investment, etc.) of high growth firms
- Share in total country exports of young/new firms
- Contribution of firms to productivity growth by size, age, etc.

## II Entrepreneurship Parameters

Entrepreneurship parameters measure various aspects of the conditions and qualities that stimulate, support or perhaps deter entrepreneurship. Understanding these conditions is key to ensuring that a country's policies are conducive to the kind of entrepreneurship, and the resulting impacts of entrepreneurship, that are sought. All parameters can take a less or more incentive or deterrent nature. Very often it is not possible to put a precise number to them, so they may serve to establish a ranking of countries (by ordinal numbers) in terms of intensity of parameter expression.

### (i) Parameters of Entrepreneurship Opportunities

- **Competition**
  - \*The competitive arena
  - Competition and anti-trust laws
  - Degree of Public ownership
  - Degree of Public involvement in business operations
- **Technology infrastructure and support**
  - University/industry research collaboration, technology transfer, spin-outs, incubators
  - Technological cooperation
  - Measures of technology transfer
  - Broadband access
  - Patent system
  - R&D data
- **Factors Relating to Access to Finance**
  - Measures of access to debt financing
  - Costs of debt financing by firm size and age
  - Comparative indicators of wealth and bequest taxes
  - Existence and nature of business angel financing
  - Size and performance of Venture Capital markets
  - \*IPO possibilities
- **Markets**
  - Access to the domestic markets
  - Access to Foreign Markets
    - Export propensity of new and/or small firms
    - Comparative measures of export credits and insurance
- **Organization**
  - Organizational innovation possibilities

### (ii) Parameters relating to Entrepreneurs' Profiles and the Supply of Entrepreneurial Ability

- Socio-demographic and ethnical characteristics of entrepreneurs
- Education and experience of entrepreneurs
- Availability and quality of business and entrepreneurship education
- Availability and quality of public and private entrepreneurship support infrastructure
- \*Immigration and entrepreneurship

### (iii) Parameters relating to the Entrepreneurship Environment

- Personal income tax
- Capital taxes
- Business tax and fiscal incentives
- \*Stock markets: openness
- Social security systems
- Administrative burdens
- Product market regulations
- Compliance burden: regulatory burden
- Labour market regulations
- Insolvency rules, bankruptcy protection and restart possibilities
- Protection of investors and business interactions
- Exit possibilities
- \*Mergers and acquisitions: regulatory framework
- \*Inter-enterprise relations as competitiveness factor

**(iv) Parameters relating to the Entrepreneurship Climate and Culture**

- Risk attitudes in societies
- Attitudes towards entrepreneurs, business owners
- Desire for business ownership or self employment