

High-growth enterprises rate

Key findings

- While few in numbers, fast-growing firms contribute disproportionately to employment generation. For example, in 2014 they accounted for around 20% of employment in all enterprises with 10 or more employees in Ireland, Israel or the United Kingdom.
- The rate of high-growth enterprises varies significantly across countries and also by sector, reflecting the relative specialisation or comparative advantages of countries in certain activities. For example, in France and Sweden the rate of high-growth enterprises is higher in services than in industry, while in Hungary and Latvia the opposite is true.

Definitions

High-growth enterprises are enterprises with average annualised growth in the number of employees greater than 20% per year, over a three-year period, and with ten or more employees at the beginning of the observation period (*Eurostat-OECD Manual on Business Demography Statistics*, 2008).

In the European Union, the Commission implementing regulation (EU) No 439/2014 set the definition of high-growth enterprises as follows: all enterprises with at least 10 employees in the beginning of their growth and having average annualised growth in number of employees greater than 10% per annum, over a three year period.

In this section, both definitions of high-growth enterprises (respectively based on 20% and 10% threshold) are used.

The *share of high-growth enterprises* measures the number of high-growth enterprises as a percentage of the population of enterprises with ten or more employees.

Average employment in high-growth enterprises is calculated by dividing the number of employees in high-growth enterprises in the reference period by the number of high-growth enterprises in the reference period.

Gazelles form a subset of high-growth enterprises. They are high-growth enterprises that have been employers for a period of up to five years. The *share of gazelles* corresponds to the number of gazelles as a percentage of the population of enterprises with ten or more employees.

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

- However, within countries trends in the evolution of high-growth rates by sector are generally aligned, suggesting that dynamic drivers of high-growth are strongly influenced by the underlying business environment. Countries with a comparatively large share of high-growth enterprises in one activity tend to have a large share of high-growth enterprises in other activities too.
- In 2014, the highest shares of gazelles, i.e. young high-growth enterprises, were in administrative and support services activities, notably in security and investigation, computer programming and employment placement activities.

Relevance

High-growth firms are important contributors to job and wealth creation. A small set of high-growth enterprises drives a disproportionately large amount of employment creation.

Comparability

When measuring the population of high-growth enterprises a size threshold of ten employees at the start of any observation period is set to avoid introducing a small size class bias. The choice of size class threshold will necessarily have a bigger or lower impact on the representativeness of the results depending on the size of the country.

Data for Denmark, Estonia, Finland, France and Portugal exhibit a break in the series in 2013 and for France and Ireland in 2014.

Source

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

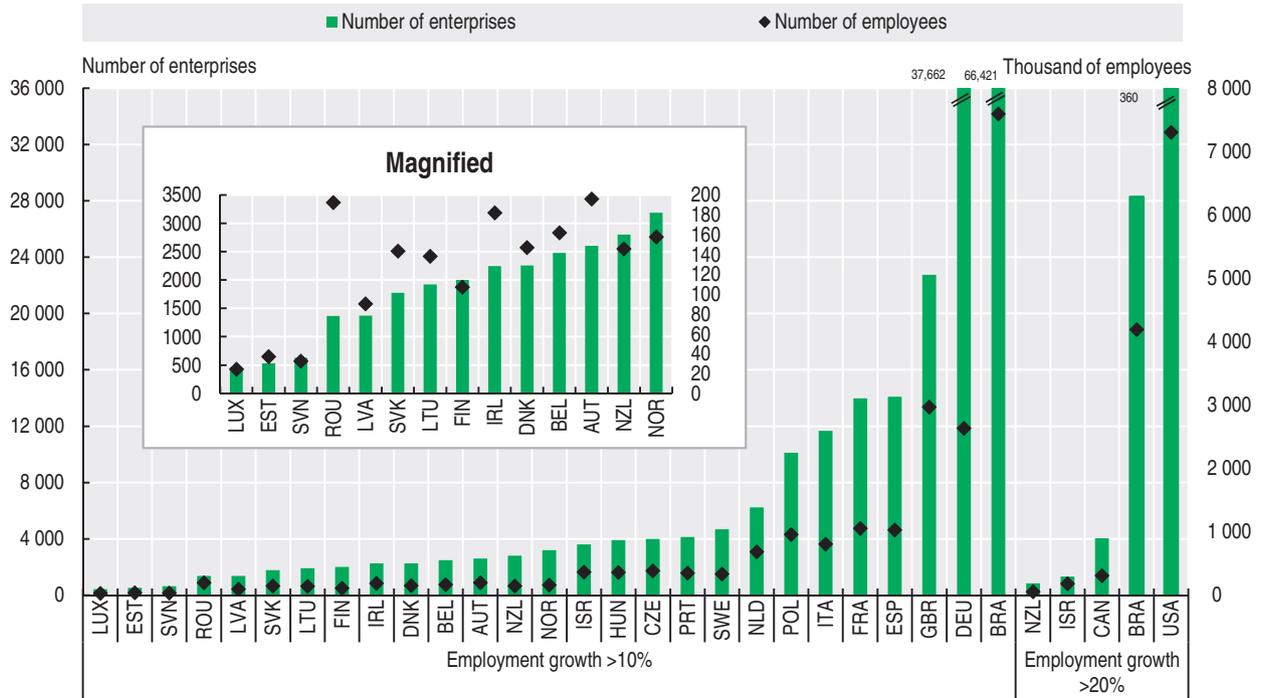
Further reading

Ahmad, N. and D. Rude Petersen (2007), High-Growth Enterprises and Gazelles – Preliminary and Summary Sensitivity Analysis, OECD-FORA, Paris, www.oecd.org/document/31/0,3746,en_2825_499554_39151327_1_1_1_1,00.html.

Coad, A. et al. (2014), “High-growth firms: introduction to the special section”, *Oxford Journals, Industrial and Corporate Change*, <http://icc.oxfordjournals.org/content/23/1/91.full>.

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

Figure 4.24. Number of high-growth enterprises and employment, business economy
2015, or latest available year



StatLink <http://dx.doi.org/10.1787/888933564082>

Figure 4.25. Average employment in high-growth enterprises, by main sector
Number of employees per enterprise by sector, 2014, or latest available year



StatLink <http://dx.doi.org/10.1787/888933564101>

4. BUSINESS DYNAMICS AND JOB CREATION

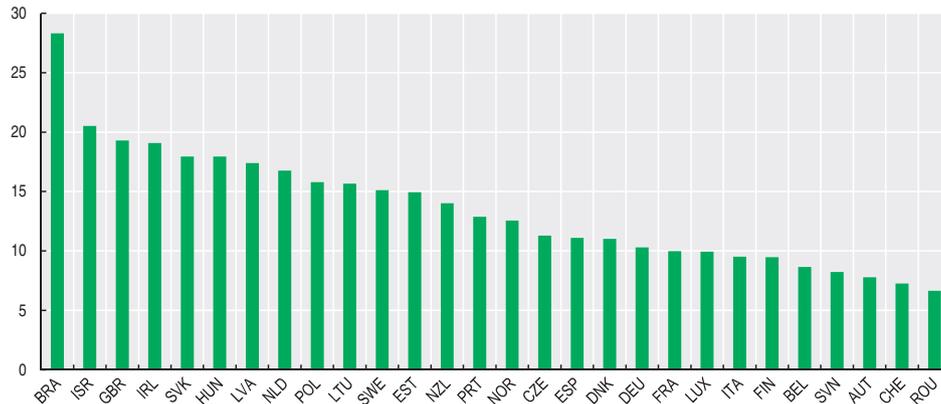
High-growth enterprises rate

Figure 4.26. Share of high growth enterprises (more than 10% employment growth)
Percentage of enterprises with 10 or more employees



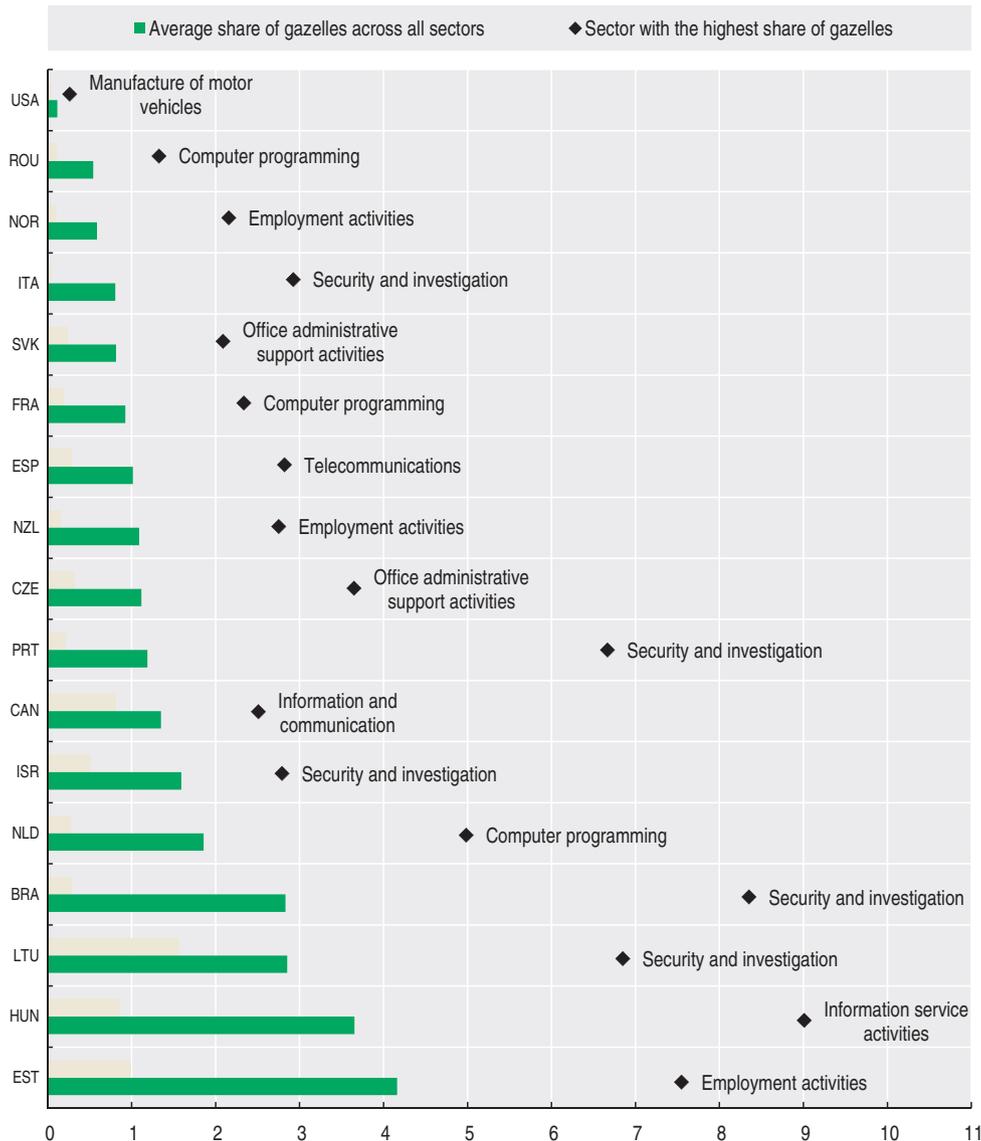
StatLink <http://dx.doi.org/10.1787/888933564120>

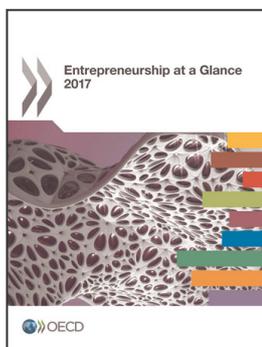
Figure 4.27. **Share of employment in high growth enterprises (more than 10% employment growth)**
 Percentage of employment in enterprises with 10 or more employees, 2014 or latest available year



StatLink <http://dx.doi.org/10.1787/888933564139>

Figure 4.28. **Share of gazelles (more than 20% employment growth)**
 Percentage of all enterprises with 10 or more employees, by sector, 2014, or latest available year





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