

# Harmonised statistics on scale-up enterprises in the Nordics

UN Committee of Experts on Business and Trade Statistics  
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# Structure of presentation

- Definition of scale-up enterprises
- Methodology and data sources
- Main take-aways
- The way forward

## What is a scale-up?

- Enterprises with employment  $> 10$  full time equivalents (hereafter employment FTE) and an annual turnover  $> 2$  million EUR in the start year of observation
- Enterprises with average annualized growth in the number of employees (FTE) and/or in turnover in current prices  $> 20\%$  over a three-year period
- Scale-ups can be divided into the following groups depending on the type of growth:
  - Employment scale-ups: scaling exclusively on employment (FTE)
  - Turnover and employment scale-ups: scaling on both turnover and employment (FTE)
  - Turnover scale-ups: scaling exclusively on turnover

# Deviations from the Eurostat/OECD definition of high growth enterprises

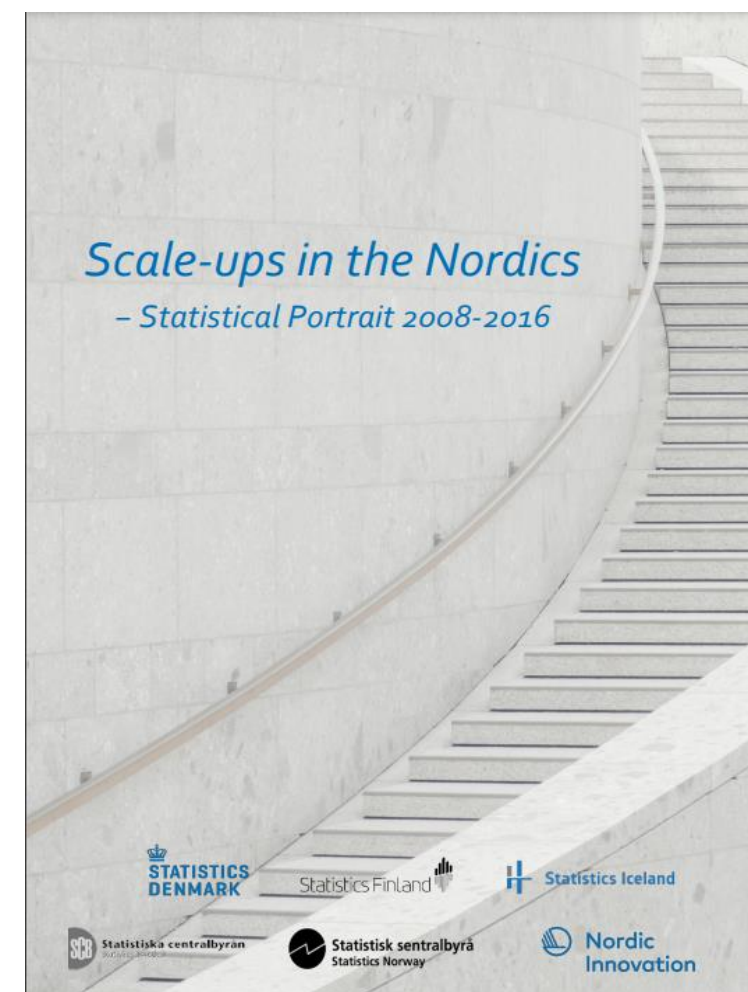
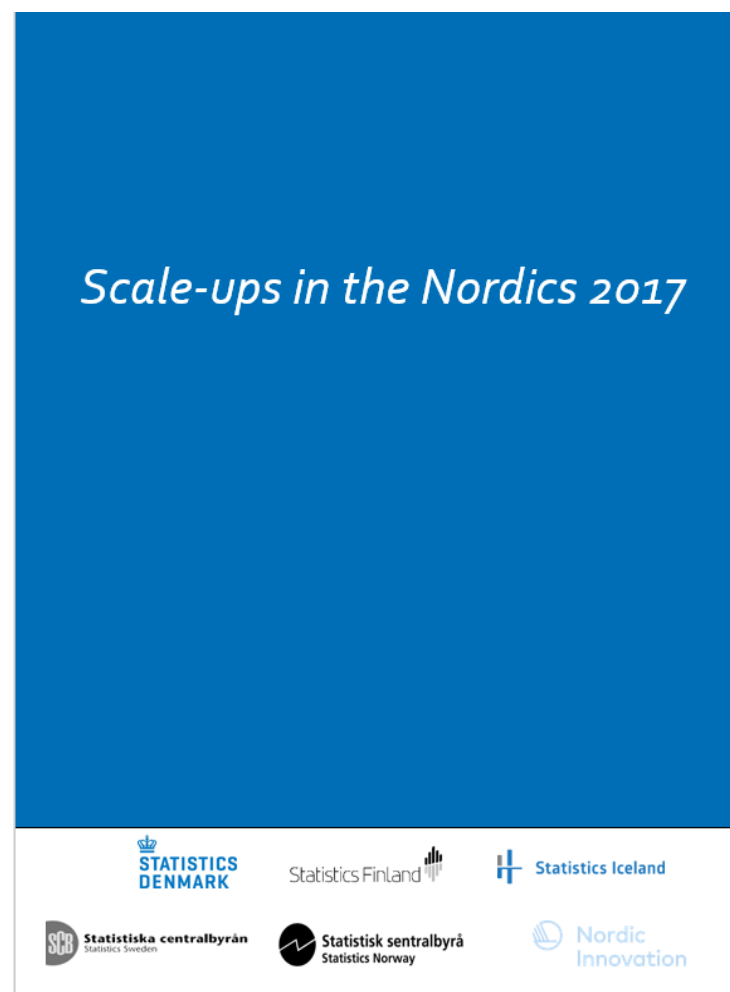
- The annual growth rate is set to 20 per cent instead of 10 per cent
- Adding a criteria of an annual turnover threshold of 2 million EUR in the start year of the growth period
- Not only growth by employment but also by turnover is included in the definition. The reason for including scale-ups by turnover growth is, these enterprises have proven their business model by achieving considerable revenue over a period and therefore potentially to a larger extent contributing to sustainable economic growth
- The growth measured can be caused by organic growth as applied by Eurostat by also by growth due to mergers and acquisitions

# Purpose of the project

- Asked by the policy makers, e.g. Nordic Innovation, to establish evidence of the importance of the fastest growing enterprises (scale-ups) for policy shaping purposes:
  - How many scale-ups do we have in each Nordic country?
  - How many jobs and how much value added have they created?
  - In which activities do we find scale-ups?
  - What is the export share of scale-ups?
  - Where are scale-ups located?

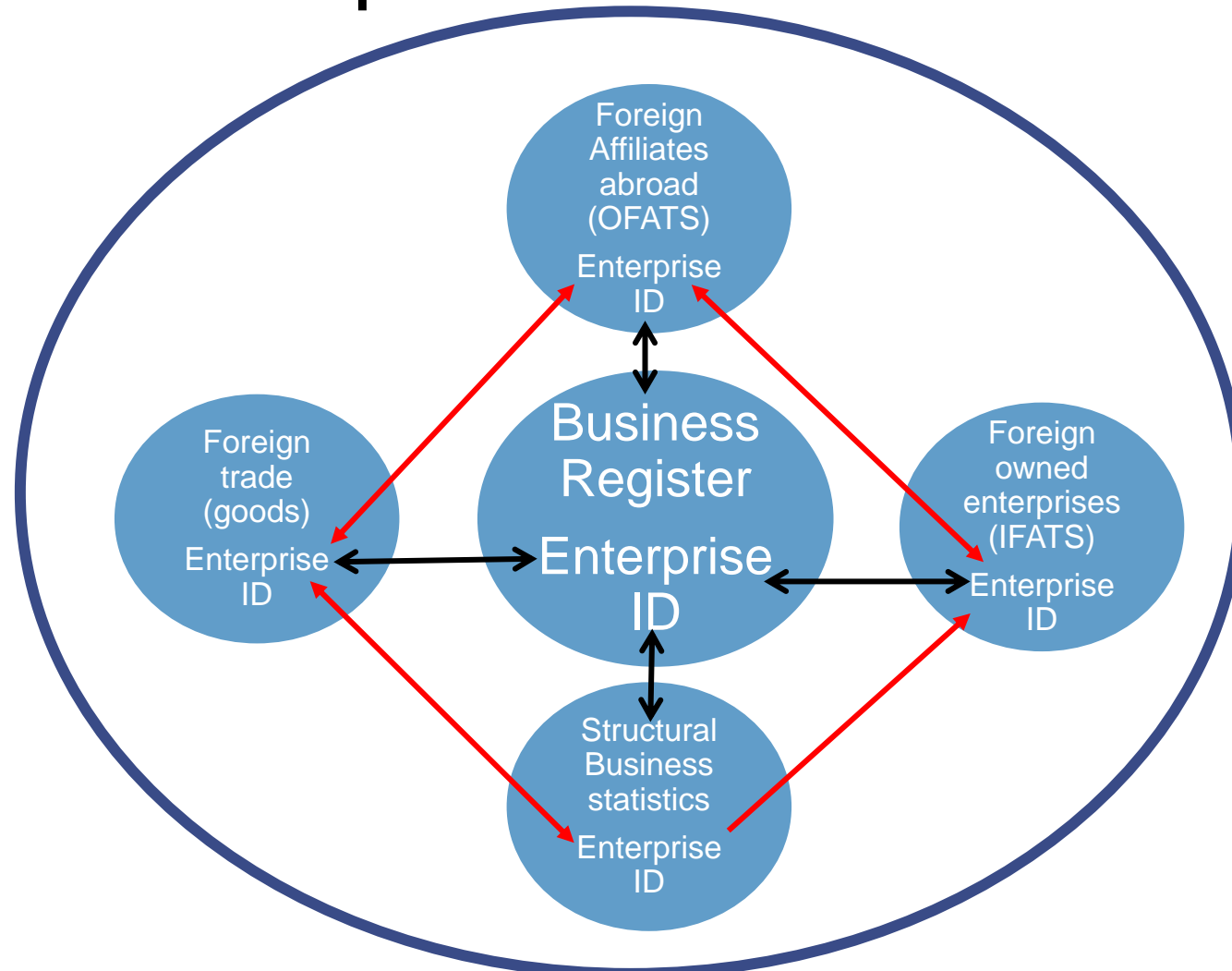
# Project organisation

- Co-operation between the statistical offices in Denmark, Finland, Iceland, Norway and Sweden and Nordic Innovation – a branch of Nordic Council of Ministers
- Establishing databases with harmonised variables and structure stored in each statistical office
- Resulting in directly comparable output across the Nordic countries
- So far three analysis for Nordic Innovation published 2018, 2019 and 2022



# Data Infrastructure:

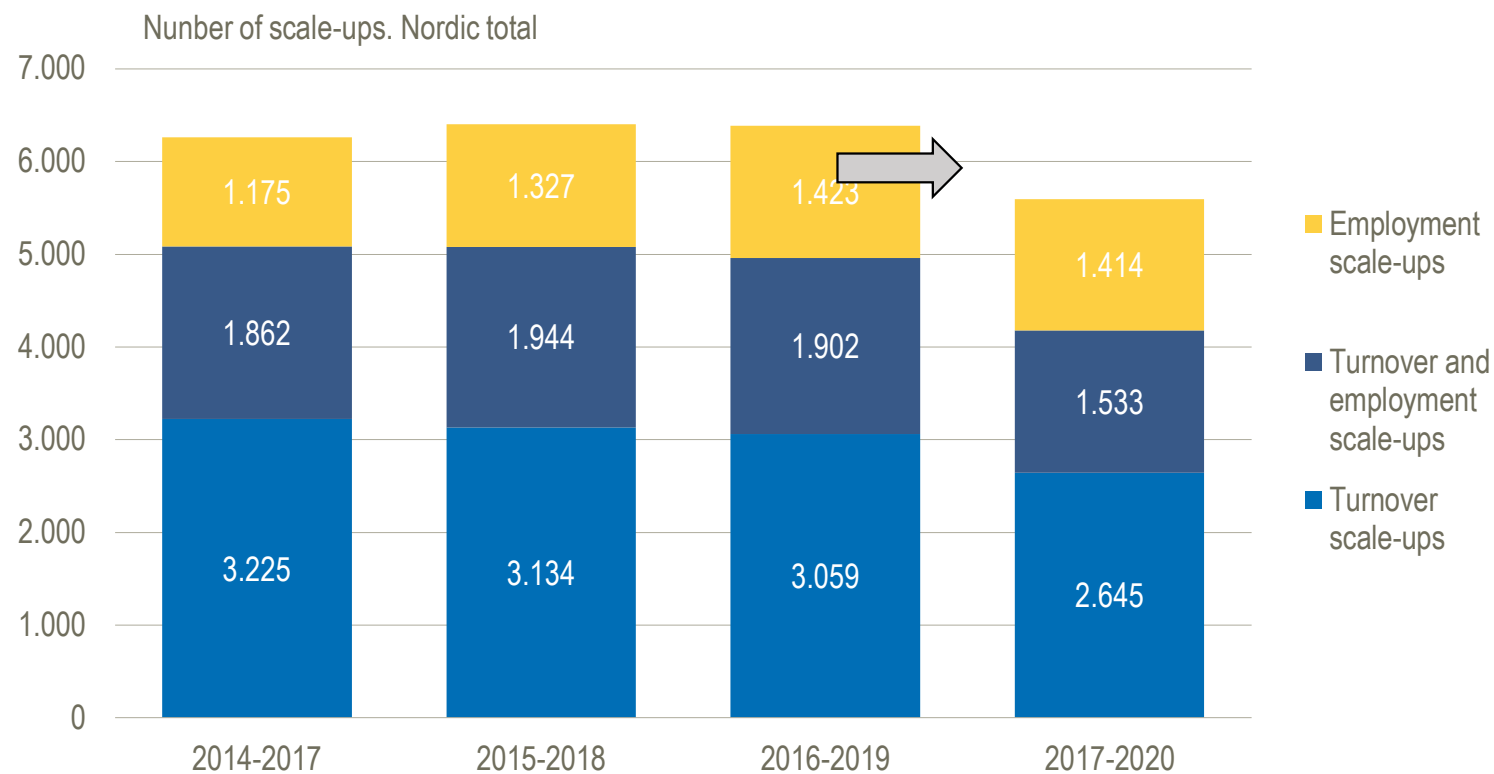
Statistical Business Register the backbone for linking of statistical registers at enterprise level





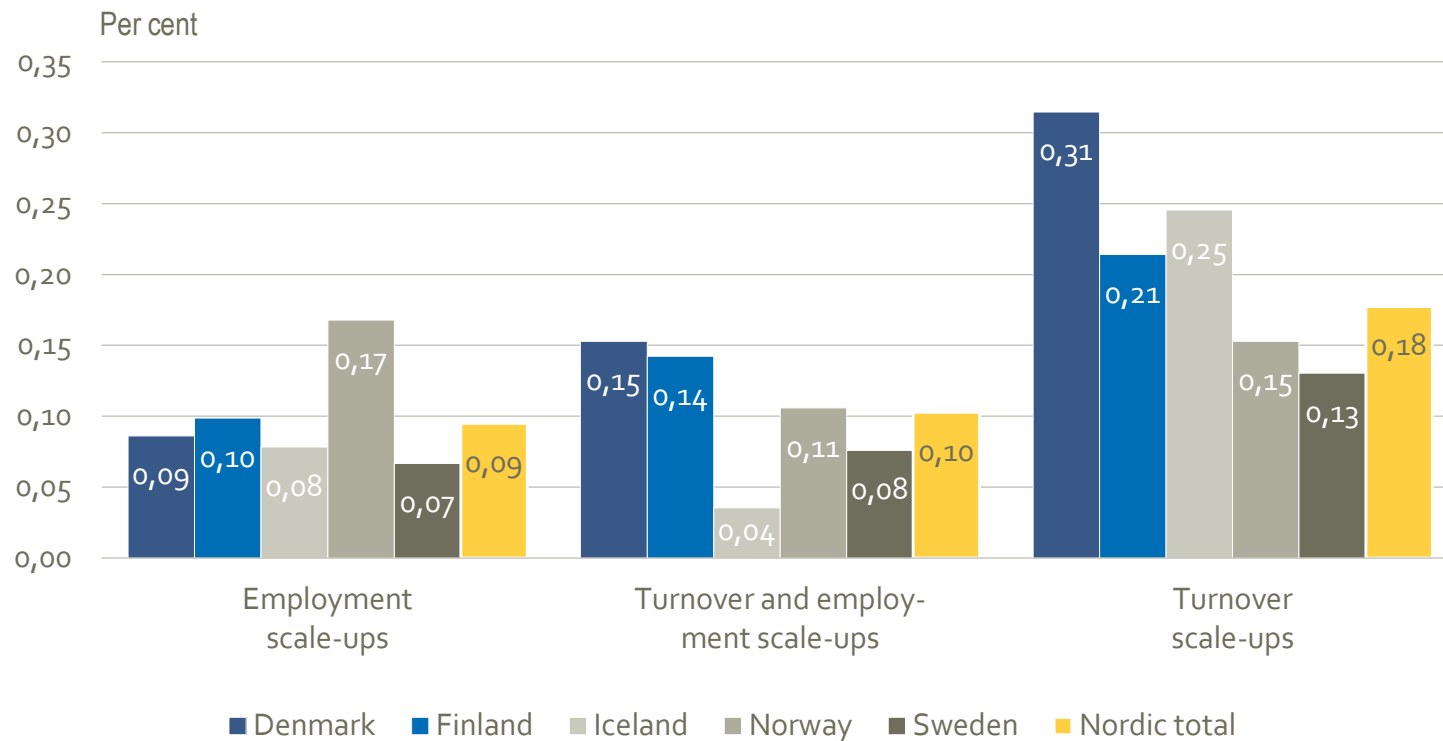
# Nearly 5,600 scale-ups in the Nordics in 2020. Smallest number measured – due to Covid-19?

Number of scale-ups in the non-financial business economy in the Nordics by type of scale-up.  
Growth periods 2014-2017, 2015-2018, 2016-2019 and 2017-2020. Nordic total



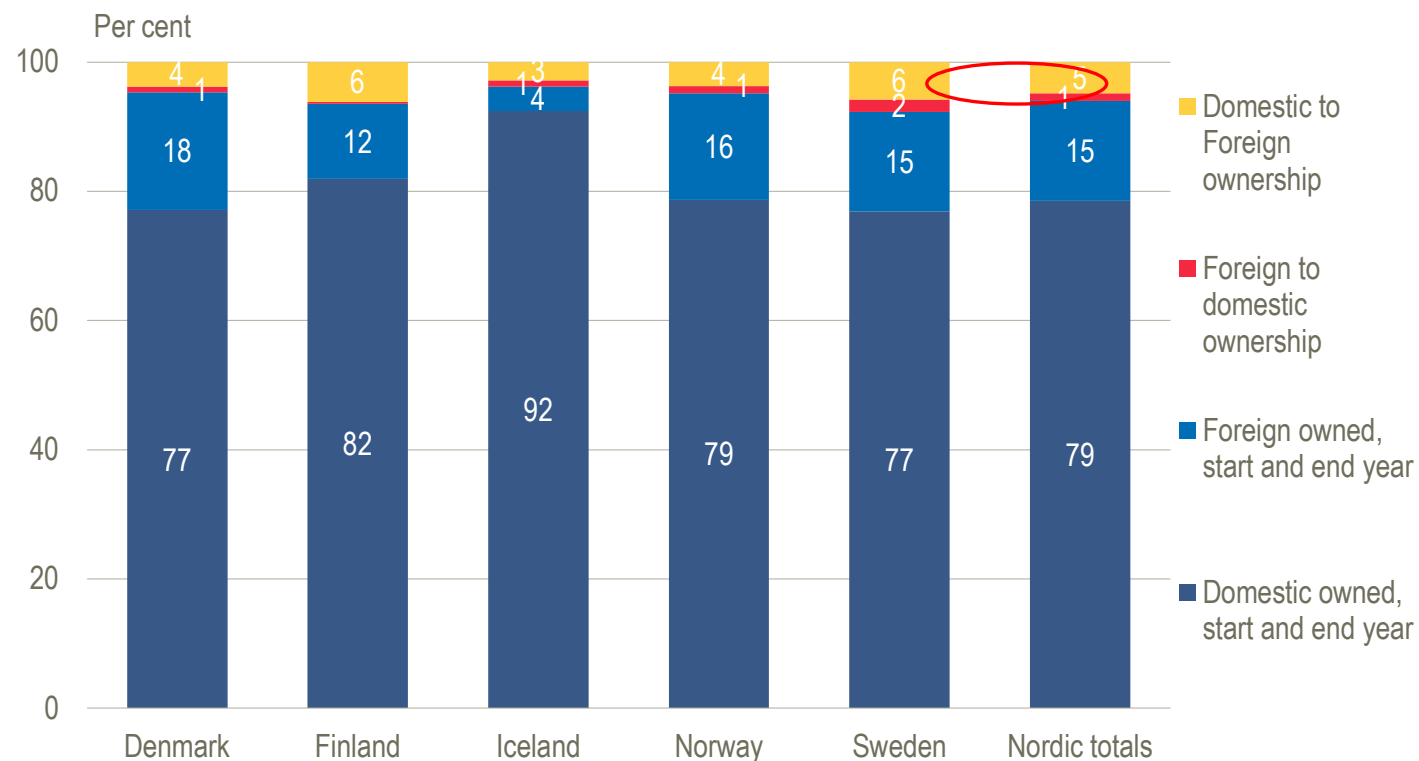
# Scale-ups constitute 0.35% of all enterprises but employ 7.2% of all employment (FTE) in Nordic the non-financial business economy in 2020

Scale-ups as share of all enterprises in the non-financial business economy by type of scale-up, start year of the growth period 2017-2020



# Scale-ups are mainly domestically owned

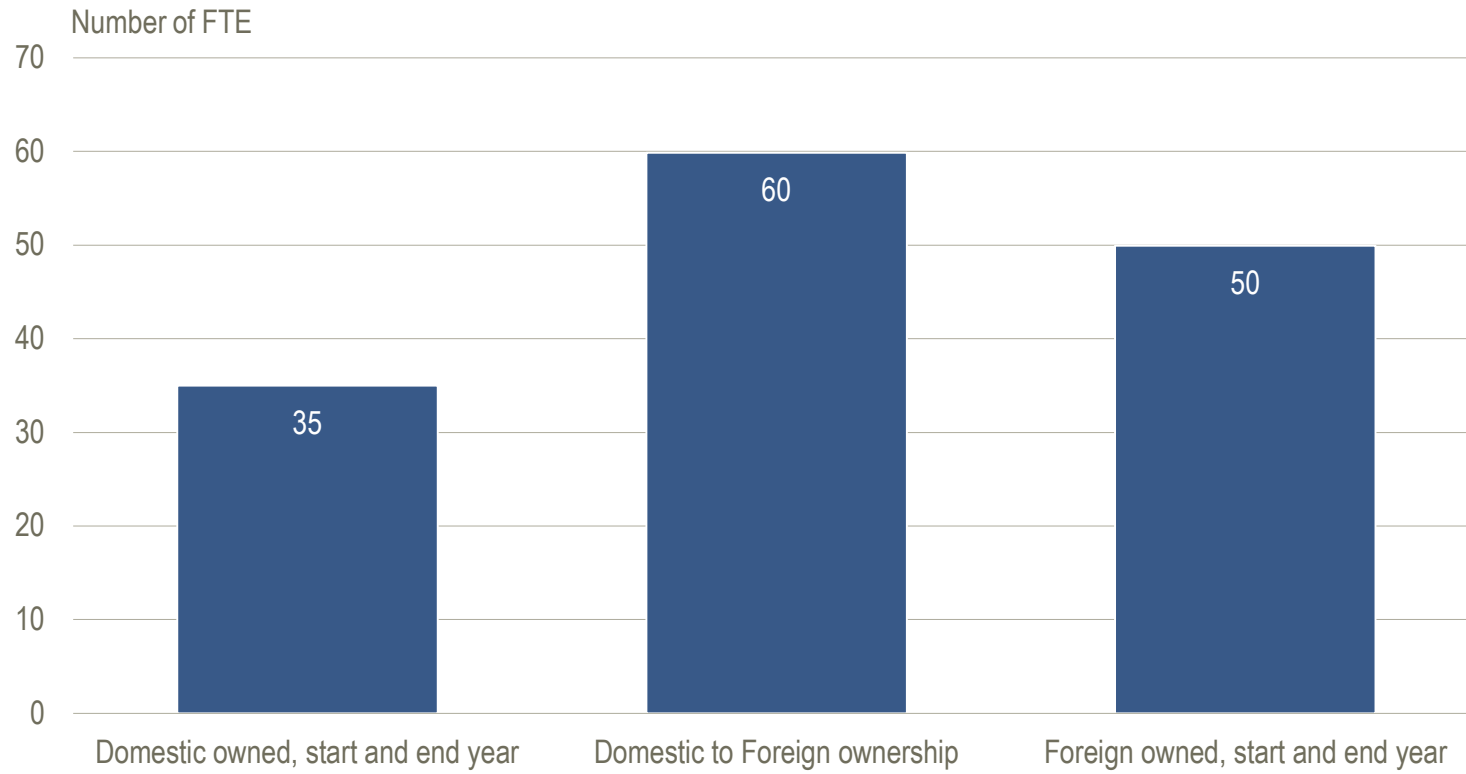
Scale-ups in the non-financial business economy broken down by ownership 2019



Due to data availability data refer to the growth period 2016-2019

# Scale-ups changing from domestic to foreign ownership create more jobs – 60 FTE per scale-up

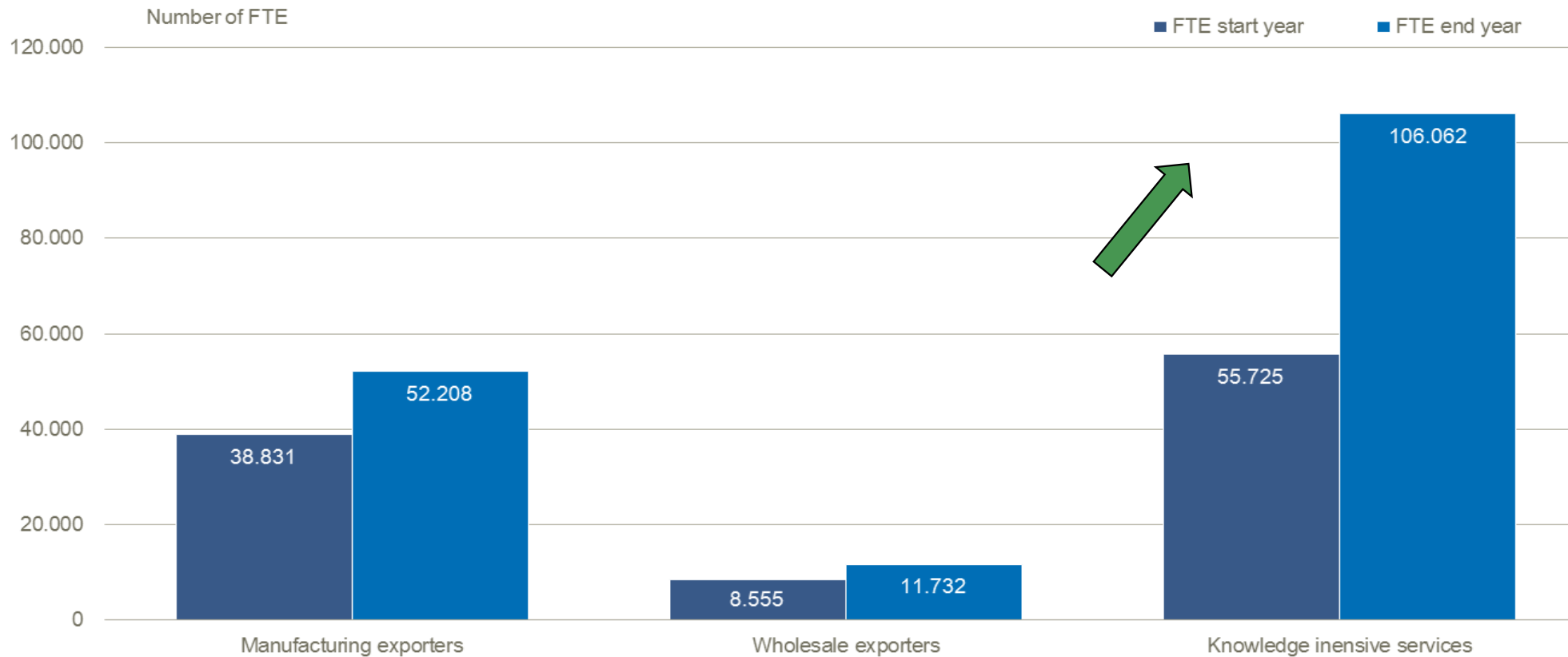
Average employment growth (FTE) 2016-2019 per scale-up in the non-financial business economy broken down by ownership 2019. Nordic total



# Scale-ups create jobs

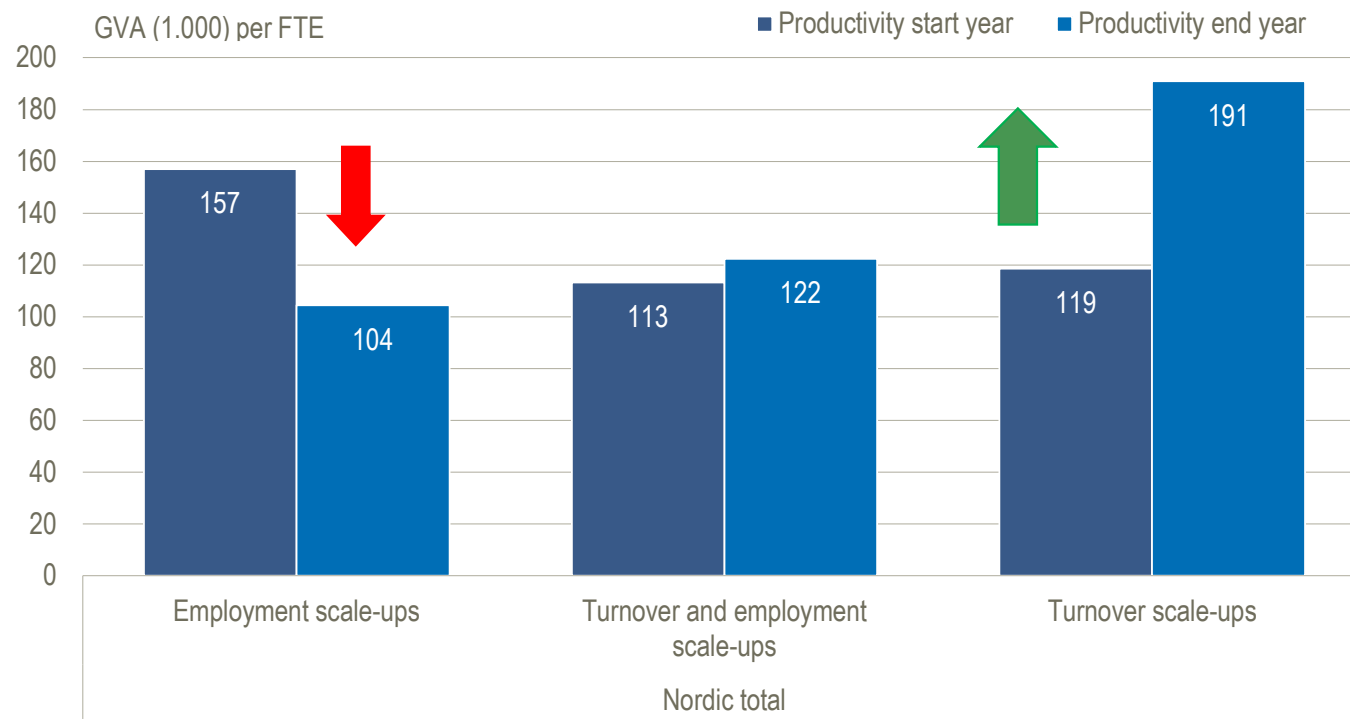
Scale-ups created nearly 67,700 jobs – a growth rate of 65% from 2017 to 2020

Turnover in scale-ups within Manufacturing (exporters), Wholesale (exporters) and Knowledge-intensive services in the Nordics by activity. 2017 and 2020



# The Turnover scale-ups having the largest productivity per employee

Productivity per employee (FTE) in scale-ups within Manufacturing (exporters), Wholesale (exporters) and Knowledge-intensive services in the Nordics by type of scale-up. 2017 and 2020. Nordic total



# The road ahead

- Need to account for growing inflation => introducing measurement of turnover in fixed prices
- So far looked at populations of scale-ups in isolation per period – but need to identify how many scale-ups are continuously present in several periods
- Project launched jointly with the OECD: investigating the characteristics of scale-ups in the period prior to and after the three-year growth period. The project will also link information about the employees (gender, age, education) and compare with the non scaling enterprises

# Items for discussion

- Employment and turnover information are for many NSIs available from administrative sources (tax or VAT). But would it be possible for NSIs without access to administrative data to calculate growth at enterprise level for the total enterprise population in the business economy for periods of three years?
- Would it be useful to produce statistics on enterprise growth not only for the fastest growing enterprises (gazelles or scale-ups) but for the total enterprise population using for instance intervals such as e.g. **declining enterprises**: -20%, -10%, stable enterprises: -5 to +5%, growth enterprises: +10% and +20% annualized growth categories?
- By introducing turnover growth we supplement the current statistics and introduce another type of growth enterprises – often with a more sustainable growth and apparently a more mature business model. Is this supplement relevant for other NSIs?



# Thank you for your attention!

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