Considerations on Measuring Entrepreneurship

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Outline of the presentation

- Part 1. Background

- Part 2. Key considerations

- Part 3. Next steps

Part 1. Background

Policy interest in entrepreneurship

- High policy interest in measuring entrepreneurship as a driver of economic growth and employment and understanding the determinants of entrepreneurial success.

- Role of innovation in entrepreneurship: how new entrepreneurial firms can also drive (or benefit from) innovation.

- Particular focus in understanding entrepreneurship in small/medium and young enterprises.

- Business dynamics may be different in SMEs and large enterprises as the risk of innovation is different.

Current statistical definition

The OECD-Eurostat Entrepreneurship Indicators Program (EIP) defines "entrepreneurial activity" as:

"the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets"

Measuring innovative firms

- The EIP defines entrepreneurial activity as including:

> *"the entry of new markets, the creation of new products or services, and/or the innovation associated with different business activities (new markets, new capabilities, new products/services)"*

- A proxy could be firms that have registered a patent or made a sizable investment in R&D.

Part 2. Key Considerations

Key questions to explore

- Within the context of the existing statistical definitions and framework for entrepreneurship, the task team would like to:

  ➢ be able to generate more granular data on entrepreneurial firms, particularly on size classes (which would benefit policy-making aimed at SMEs)

  ➢ How to define and measure innovation in entrepreneurial firms (or among entrepreneurs)

  ➢ Investigate the determinants of entrepreneurial success (and failure) and how these change with the growth (or death) of the enterprise

  ➢ Better identify and characterize the entrepreneurs themselves in terms of age, education, gender, education, etc.

Considerations for data collection

Develop, if needed, targeted indicators and specific data collection for SMEs and innovative firms, integrating existing data sources, for example:

- Indicators from an exhaustive SBR on the age, size and ownership/legal form of firm (depending on if the SBR includes small and micro firms)

- Linked Employer–Employee Databases (LEED)

- Demographic information on the entrepreneurs themselves – i.e., age, gender, education, etc.

- Patent databases to proxy innovation

- In absence of sufficient SBRs, proposals for surveying/profiling entrepreneurs

- Longitudinal data

Part 3. Next steps

- ✓ Assess the availability of data on entrepreneurship and business innovation at international and regional organizations

- ✓ Collect country practices on measuring entrepreneurship and business innovation (have already begun doing so within the task team)

- ✓ Identify the policy needs regarding entrepreneurship, particularly in developing countries, that are not currently met by existing business statistics

- ✓ Compare statistical terms that are related to entrepreneurs; e.g., small business; business owner; business founder; the self-employed; sole proprietor, etc.

- ✓ Discuss what the best data collection methods may be – e.g., SBRs; profiling; linking to more administrative sources (i.e., patent databases), profiling, etc.

Thank you!