

World Bank Entrepreneurship Database: Discussant comments

OECD Entrepreneurship Indicators Project: Overview

**World Bank Seminar on Entrepreneurship and
Development**

April 24, 2007; Washington

Outline

World Bank Entrepreneurship Database

- Background/Rationale for WB work
- Basic definitions; new business measures
- OECD/Eurostat approach

OECD Entrepreneurship Indicators Project

- Aims and activities
- Framework and definitions
- Core indicators

Methodology

Rationale:

- Entrepreneurship is good
- Understand how factors influence entrepreneurship

Background:

- Improves upon international measures by others

Methodology:

- Defines entrepreneurship in line with Policy Objectives
- Establishes measure(s) that relates to the definition
- Proceeds to collect comparable data

Statistical Business Registers

Definition

- Entrepreneurship is the effort made to initiate an economic activity in the formal sector.

Data Collection

- “Business” data from NSOs is non-comparable
- Prefers enumeration of registered legal entities
- Legal unit still varies across countries

Statistical Business Registers

- Based on Administrative Registers but designed to produce comparable business measures

The OECD/Eurostat Approach

- Initial focus on common definitions and methodologies
- Many issues due to treatment of zero employee firms
- Two Employee threshold reduces noise at entry level
- OECD and Eurostat have embarked on data collection using new definitions and framework
- Framework for Business Demography Statistics
- OECD policy interests often tied to employee firms and growth firms.

Other Measures from World Bank Project

- Business density rate: Number of registered businesses as % of active, working-age population
- Equates non-employers and high-growth firms
- Categorisation will yield richer information base

- Business size: GNI/number of businesses
- Single measure ignores distribution issues
- Additional information on growth rates and SMEs by size class supplements the basic measure

The Analytical Program

- Preliminary analysis; Relates characteristics to entry rates and density
- Choice of indicators linked to WB policy interests
- OECD work is similar: But suggest extending list of determinants – e.g. taxation, education, risk capital
- Too early to disentangle causality
- Paper encourages more data, longer time series, more analysis
- Hard to disagree

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Entrepreneurship Indicators Project

Fundamental Aims and Steps of the Project

- 1. Measurement Manual: Standard definitions and measurement tools
- 2. Compile and publish a Compendium on Entrepreneurship

STEPS

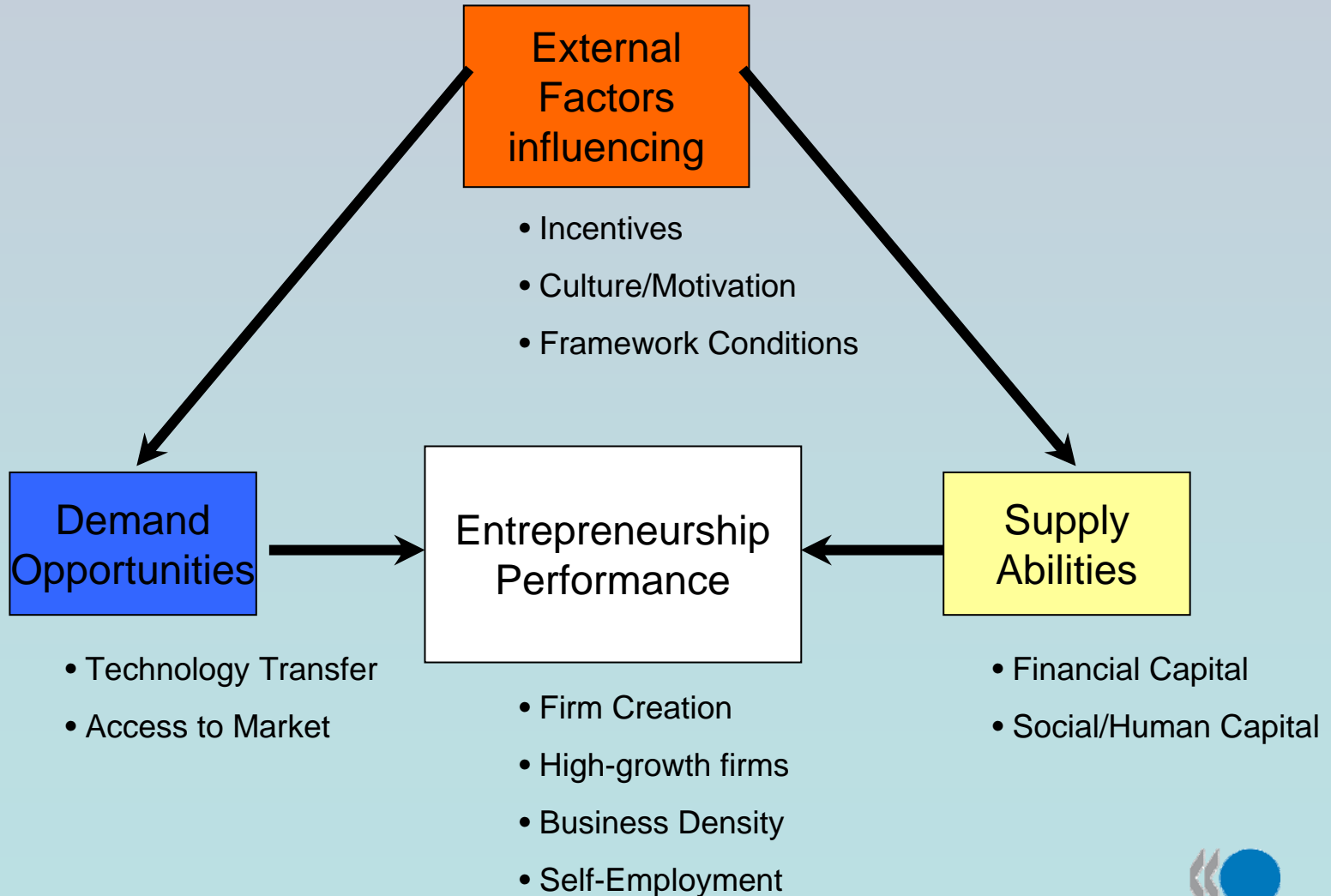
- Engage national and international bodies so that money and effort will be devoted to producing data
- Establish Indicator Priorities: Identify data required by policy-makers to measure E-Ship and underlying factors
- Agree on definitions, methods and sources
- Business Demography data collection from Statistical Business Registers
- Identify and assemble other data from existing sources
- Partner with other data producers; Exploit and harmonise sources for additional indicators
- Develop, pilot and run (co-ordinate) new entrepreneurship surveys

OECD Entrepreneurship Indicators Project:

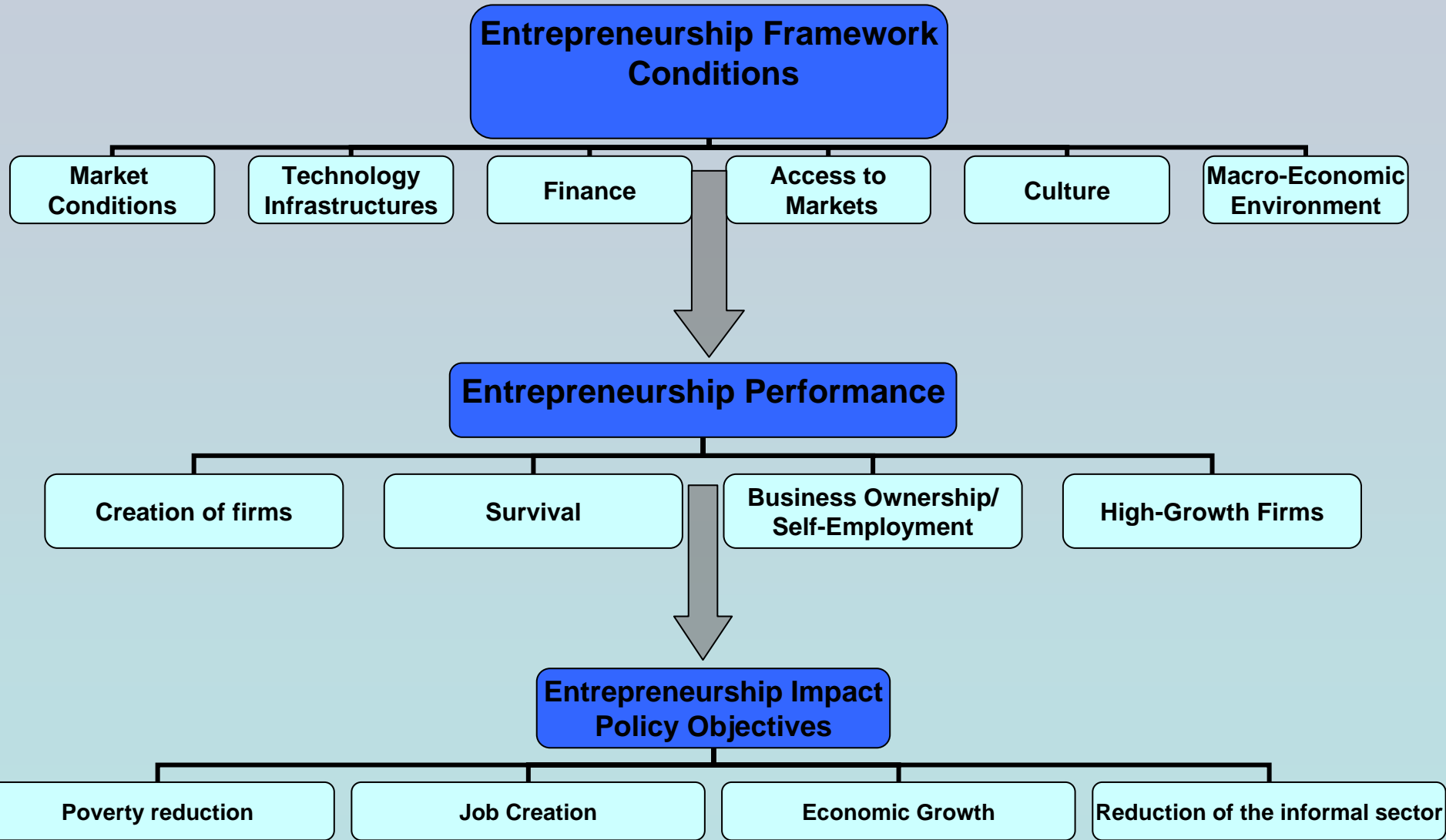
A definition of Entrepreneurship

- **The entrepreneur** is the person who creates and exchanges value through the identification and employment of changes in resources, opportunities and/or innovation.
- **Entrepreneurship** is the phenomena associated with the mindset, planning and activities that create and exchange value through the identification and employment of changes in resources, opportunities and/or innovation.
- **Entrepreneurial activity** is the enterprising human action associated with the creation and exchange of value through the identification and employment of resources, opportunities and/or innovation.

Entrepreneurship Framework: Demand and Supply Side Model



Entrepreneurship Framework



Measurement of Entrepreneurship Determinants, Performance and Impact

Entrepreneurship Performance 10 indicators	Entrepreneurship Determinants 48 indicators							Entrepreneurship Impact 10 indicators
	Market Conditions	Technology/ Infrastructures	Finance	Entrepreneurial Spirit	Regulations	Entrepreneurship Culture	Macro-Economic Environment	
Firm Creation / Death 3 indicators	Competition	Technology	Debt Financing	Socio-demographic and Immigration	Fiscal Environment	Risk Attitudes	SME indicators	Poverty Reduction
High-Growth Firms 3 indicators	Access to Market	University	Business Angel	Entrepreneurship Education	Court-legal Environment	Attitudes towards self-employment	GDP	Job Creation
Survival 3 indicators		Patents	Venture Capital	Entrepreneurship Infrastructures	General Regulations	Desire for self-employment	Productivity	Productivity Growth
Share of Innovative Firms		Communication		Intrapreneurship			Sustainability	Firm Size
Export capacity of new firms		R&D						Economic Growth
Self-Employment 2 indicators								Reduction of Informal Economy

Framework for Business Demography Statistics

Statistics Directorate Working Paper , by Nadim Ahmad,
October 2006

www.oecd.org/statistics/industry-services/entrepreneurship

Agenda Item 7 dealt with the framework; Paper available.

Or simply Google “Business Demography Framework
OECD Working Paper”

Entrepreneurship Indicators Steering Group

- “Informal Body” created by Stats Directorate and Committee
- Sub-set of OECD countries + other experts
- Members reflect statistical expertise and entrepreneurship policy/research interests

- Australia
 - Canada
 - Denmark
 - Finland
 - Germany
 - Hungary
 - Italy
 - Korea
 - Netherlands
 - Sweden
 - United Kingdom
 - United States
 - Eurostat
 - EU Commission
 - World Bank
- Also
- France
 - Japan