

# Methodology of Business Demography Statistics

## I. Basic Definitions

Business demography indicators on active enterprises, enterprise births and deaths, survival of newly born enterprises and high-growth enterprises are prepared by CZSO according to common Eurostat and OECD methodology. From the reference year 2021 the obligation to collect these data and provide them to Eurostat is laid down in the Regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics (till the reference year 2020 it was regulated by the Regulation (EC) No 295/2008).

**The enterprise statistical unit** is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. The legal and natural persons (entrepreneurs) registered in the statistical business register are considered to be legal units.

## II. Data sources

- 1) Statistical business register of CZSO (see [business\\_register](#)),
- 2) Annual Structural business statistics (SBS) survey

## III. Basic and sample set creation, imputation and estimation of the unsurveyed part of the population Statistical population

The Business demography statistics cover active enterprises that carry out market activities in industry, construction and services. From reference year 2021 they cover CZ-NACE rev.2 sections B to N and P to R and divisions S95 and S96 (till the reference year 2020 they covered CZ-NACE rev.2 sections B to N and P to S, excluding K642). The **activities related to agriculture, fishery, forestry**, public administration, defence, compulsory social security, activities of membership organisations, activities of households as employers and extra-territorial organisations and bodies are not part of the Business demography statistics. The subject classified in the central and local government sectors, non-profit sector, non-resident sector, homeowners associations are excluded from the Business demography statistics. Housing cooperatives are included in the population of Business demography statistics from the reference year 2021.

From the reference year 2021 the population of high-growth enterprises is harmonised with the population of business demography. Thus it covers CZ-NACE rev.2 sections B to N and P to R and divisions S95 and S96. Before that it covered CZ-NACE rev.2 Sections B to N and division S95.

Detailed information on CZ-NACE rev. 2 is available at:

[https://www.czso.cz/csu/czso/klasifikace\\_ekonomickych\\_cinnosti\\_cz\\_nace](https://www.czso.cz/csu/czso/klasifikace_ekonomickych_cinnosti_cz_nace) (only in Czech).

#### IV. An overview of basic indicators published

**Number of active enterprises** - is the number of all statistical units which at any time during the reference period were 'enterprises', as defined in Council Regulation (EEC) No 696/93, and also active during the same reference period. A statistical unit is considered to have been active during the reference period, if in said period it either realized positive net turnover or produced outputs or had employees or performed investments.

**Enterprise births** amounts to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. It does not include entries into a sub-population resulting only from a change of activity. A birth occurs when an enterprise starts from scratch and actually starts activity. An enterprise creation can be considered an enterprise birth if new production factors, in particular new jobs are created. If a dormant unit is reactivated within two years, this event is not considered a birth.

**The enterprise birth rate** is the number of births as a percentage of the population of active enterprises

**Enterprise deaths** amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs, break-ups or restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity. An enterprise is included in the count of deaths only if it is not reactivated within two years. Equally, a reactivation within two years is not counted as a birth.

**The enterprise death rate** is the number of deaths as a percentage of the population of active enterprises.

**Survival** occurs if an enterprise is active in terms of employment and/or turnover in the year of birth and the following year(s). Two types of survival can be distinguished:

1. An enterprise born in year  $xx$  is considered to have survived in year  $xx+1$  if it is active in terms of turnover and/or employment in any part of year  $xx+1$  (= survival without changes).
2. An enterprise is also considered to have survived if the linked legal unit(s) have ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (= survival by take-over).

Survival is followed five years after enterprise birth.

**Enterprise survival rate** is the number of enterprises that were born in year  $xx-n$  and survived to year  $xx$  as a percentage of all enterprises born in year  $xx-n$ .

**High-growth enterprise** is an enterprise with average annualised growth in number of employees greater than 10 % per year over a three-year period ( $t - 3$  to  $t$ ) and having at least 10 employees in the beginning of the growth ( $t - 3$ ).

**Young high-growth enterprises** are high-growth enterprises that are up to five years old.

**Rate of high-growth enterprises** is the number of high-growth enterprises as a percentage of the total population of active enterprises with at least 10 employees.

**Number of active enterprises having at least one employee** - a count of enterprises that had at least one employee at any time during a given reference period  $t$ .

**Enterprises having the first employee** - a count of enterprises that had the first employee at any time during a given reference period  $t$ . This can concern newly created enterprises with employees but also enterprises that have already been active in previous reference periods, but did not have any employee in two previous reference periods.

**Enterprises having no employees anymore** – a count of enterprises that have no employees anymore from any point in time in a given reference period  $t$  and that had at least one employee at an earlier point in time in a given reference period  $t$ . This can concern deaths of enterprises with at least one employee, but also enterprises that still remain active, but have no employees any more from any point in time in a given reference period  $t$  and the two following reference periods:  $t + 1$  and  $t + 2$ .

**The enterprises having the first employee rate** is the number of enterprises having the first employee as a percentage of the population of active enterprises having at least one employee.

**The enterprises having no employees anymore rate** is the number of enterprises having no employees anymore as a percentage of the population of active enterprises having at least one employee.

**Survival of enterprises having at least one employee** occurs if an enterprise having had at least one employee is active at any point in time in every year from the year of having the first employee ( $t - 1$  to  $t - 5$ ) until a given reference period  $t$ . An enterprise is also considered to have survived if the linked legal unit(s) have ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (= survival by take-over).

**Survival rate of enterprises having at least one employee** - is the number of enterprises having the first employee in  $t$  that survived from year  $t+1$  to  $t+5$  as a percentage of the population of active enterprises having the first employee in  $t$ .

## **V. Retrospective corrections, revisions**

In the case of indicators on enterprise deaths, a two-year lag is foreseen in the methodology in order to confirm whether a presumed death is in fact reactivated. For this reason, information on final deaths is generally available later than the stock of active enterprises and enterprise births. As a result only preliminary (estimated) data on enterprise deaths are sent 18 months after reference period. The data on enterprise deaths are available in the next year (30 months

after reference period) and final data on enterprise death excluding reactivations are sent to Eurostat 42 months after reference period as a revised data. The similar approach is applied as regards enterprises having no employees anymore.

## **VI. Comparability**

### **1) Comparability in time**

Until the reference year 2015, the indicator on number of active enterprises calculated by the Business demography is not comparable with the same indicator calculated by SBS statistics. This was due to using different data sources for production of this indicator. From the reference year 2016 both indicators on active enterprises are based on the data from SBS survey.

According to the regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics the population of Business demography statistics includes also non-profit institutions and housing cooperatives classified into non-financial sector. Thus the data on CZ-NACE rev.2 sections L (which includes housing cooperatives) are not comparable with previous reference years.

### **2) Coherence with other indicators**

Business demography data are not comparable with the indicators compiled by Organisational statistics (see [Business register statistics](#)). The reason is that business demography statistics are based on the statistical unit – Enterprise while Business register statistics use legal units.

### **3) International comparability**

The business demography statistics are compiled by all EU countries according to the Regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics (till the reference year 2020 it was regulated by the Regulation (EC) No 295/2008) and methodology laid down in the Eurostat-OECD Manual on Business Demography Statistics. Although all EU countries more closely follow the above mentioned regulation and manual some differences stemming from the data sources can occur that restrict the data comparability across countries. Different administrative sources depending on national law, as well as surveys, are used to update the business registers. More importantly, the presence of different size thresholds in business registers may have a substantial impact on comparability especially on data for start-ups. Business demography data on EU countries are available at the web page of Eurostat (see [Structural Business Statistics](#)).

Furthermore, the business demography data are produced by some non-EU countries (Canada, South Korea, United Kingdom, New Zealand, Norway or Switzerland). These countries also follow the methodology laid down in the Eurostat-OECD Manual on Business Demography Statistics. The data are available at the web page of OECD (see [OECD.Stat](#)).

## **VII. Seasonal adjustment**

Not used.

## **VIII. Releasing data**

Annual.

According to the Regulation (EU) 2019/2152 and its implementing regulation (EU) No 2020/1197 laying down technical specifications and arrangements pursuant to Regulation (EU) 2019/2152 the annual data on active, birth and survival enterprises, preliminary (estimated) death enterprises and high-growth enterprises are sent to Eurostat within 18 months after reference period. In addition, data on death enterprises are sent within 30 months after reference period and final data on death enterprises excluding reactivations are sent within 42 months after reference period. The annual data on the number of enterprises having at least one employee, the number of enterprises having the first employee, the survivals of enterprises having at least one employee and preliminary (estimated) number of enterprises having no employees anymore are sent within 20 months after reference period. The more accurate data on number of enterprises having no employees anymore are sent within 32 months. The final data on enterprises having no employees anymore excluding reactivations are sent within 42 months after reference period.

Results are published:

- 1) in publication [Catalogue of Products](#)
- 2) sent to Eurostat [Business demography-database](#)
- 3) on OECD websites [Demographic Business statistics](#)

## **IX. Additional methodological information and external links**

[EU legislation](#)

[Eurostat-OECD Manual on Business Demography statistics](#)

[European business statistics methodological manual for business demography statistics](#)

[Metadata](#)