

## Cross-country evidence on start-up dynamics

The report provides a description of start-up dynamics exploiting the richness of the recently collected DynEmp v.2 database. The contribution of new firms in terms of new jobs to the existing workforce can be expressed as a combination of four different elements: the start-up rate; the average size of firms at point of entry; the survival rate; and the average growth rate of survivors. This decomposition shows that the four elements interplay in very different ways, even across economies with similar aggregate start-up contributions. The most homogenous component across countries is the survival rate, which is equal to just above 60% after three years from entry, to about 50% after five years, and to just over 40% after seven years. Furthermore, in most countries the probability of exiting is highest at the age of two, and decreases (linearly) beyond that age. When looking at employment growth of surviving businesses, it is found that the large majority of surviving micro start-ups do not grow; however, the tiny proportion of small start-ups which do grow creates a disproportionate amount of jobs.

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