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The profile of the successful entrepreneur

Results of the survey 'Factors of Business Success'

Main findings

- Experience of having worked in the branch and in running an enterprise help but are not essential in becoming a successful entrepreneur.
- The younger the entrepreneur, the faster the enterprise grows in size.
- Entrepreneurs consider 'contacts with customers' and 'administrative problems' as the main start-up difficulties.
- Dealing with outstanding invoices to customers is one of the start-up difficulties more often perceived as problematic for men than for women.
- Men are more optimistic about the profitability of their enterprise, compared with women.
- The degree to which entrepreneurs consider their enterprises to be innovative increases with their educational level.
- The most often-cited motivations for starting up an enterprise are 'the desire to be one's own boss' and 'the prospect of making more money'.
- Close to 25% of foreign entrepreneurs from non-EU countries were active in 'Construction' (NACE Section F), significantly more than the share of entrepreneurs who were nationals (16%).

Introduction

The aim of the voluntary survey on 'Factors of Business Success' (FOBS) was to determine the factors that determine the success and growth of newly born enterprises, and especially to study the motivations for starting up one's own business, the barriers and risks encountered during the first years of existence, the current situation of the enterprise, and business plans for future development.

The target population of the survey is defined – based on the concepts of the Business Demography data collection – as an enterprise born in 2002, which had survived to 2005 and which was still managed by the original entrepreneur or founder.

The survey was carried out from June 2005 to January 2006 by the National Statistical Institutes of 13 EU Member States (CZ, DK, EE, FR, IT, LV, LT, LU, AT, PT, SI, SK and SE) and two Acceding Countries (BG and RO). This survey is a one-off exercise but may be re-conducted in the future.

This publication focuses on six characteristics for entrepreneurs: experience in the branch, management experience, age, gender, educational background and citizenship.

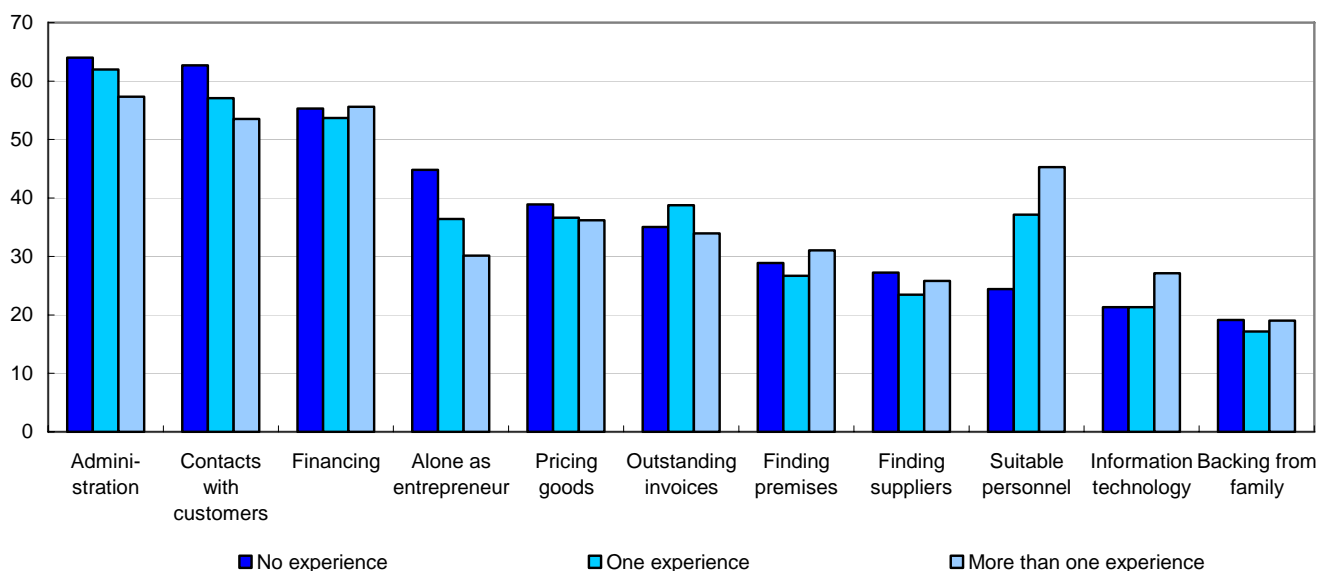


Experience in running an enterprise

Are entrepreneurs with managing experience more successful than those without? While a large majority of entrepreneurs (77%) had no experience in running an enterprise, 18% had already run one enterprise and 6%

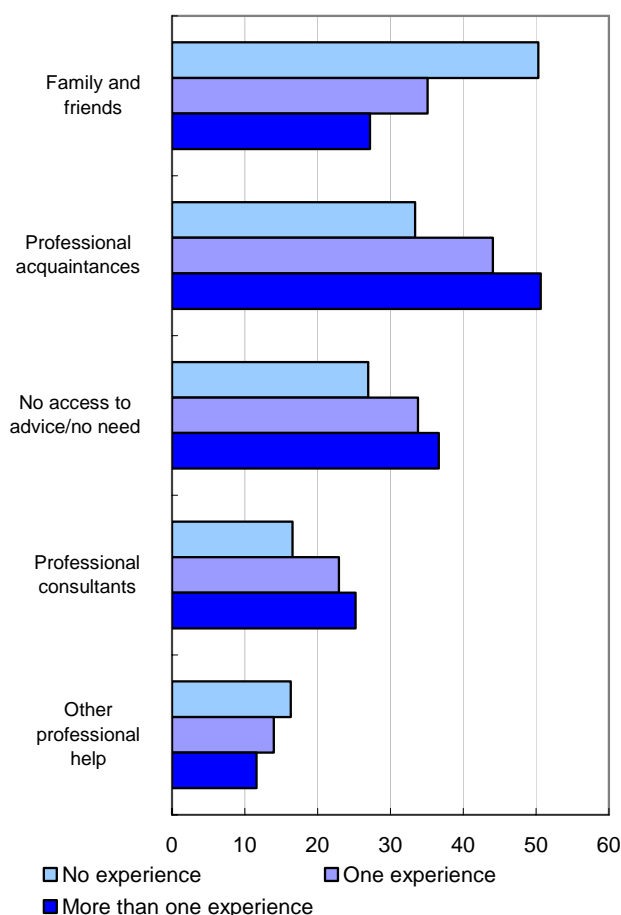
two or more. This experience characteristic was examined by looking at the start-up difficulties encountered, the sources of advice available and the judgement of profitability.

Figure 1: Start-up difficulties by managing experience, average of available countries, in %



Source: FOBS survey, 2005

Figure 2: Sources of advice by managing experience, average of available countries, in %



Source: FOBS survey, 2005

Figure 1 shows for eleven different start-up difficulties the potential role of entrepreneurial experience. For some of these difficulties, experience seems to have an effect. This is the case for 'administrative matters', 'establishing contacts with customers' and 'to be alone as entrepreneur', whereby the share of entrepreneurs citing one of these rises as their level of experience decreases. For other difficulties, however, such as 'finding suitable premises', 'finding suppliers', using 'information technology' and getting 'backing from the family', this was not the case. Moreover, for one item, finding 'suitable personnel', the correlation is negative.

Entrepreneurs with managerial experience apparently find it more difficult 'to get suitable personnel'. For those that have more than one experience, 45 % see this as a difficulty, making it the fourth largest difficulty for this experience group. By contrast, only 24 % of inexperienced entrepreneurs consider personnel selection as a difficulty, making it the ninth most problematic for this group. Among those with just one experience, this was the case for 37 % of entrepreneurs, making it their fourth largest difficulty.

This correlation could possibly reflect that more experienced entrepreneurs have a more informed approach to the role played by employees in helping to secure enterprise success, and as a result, are more aware of the difficulties involved such as job profiling and personnel selection. Skills that more inexperienced entrepreneurs might not possess to the same degree.

Do experienced and inexperienced entrepreneurs favour one source of advice over another? Figure 2 summarises the sources of advice that may help entrepreneurs to succeed in starting up their enterprise.

Although most of the entrepreneurs obtained advice, the sources of advice varied according to experience. Whereas the role of non-professional advice was important for inexperienced entrepreneurs, professional advice was far more important for their experienced counterparts. Family and friends (50.3%) were the most important source of advice for inexperienced entrepreneurs, possibly reflecting a lack of professional acquaintances, and an inability to afford professional consultancy fees.

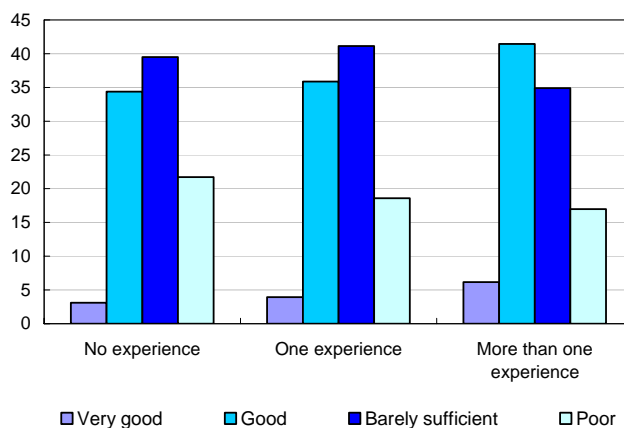
The source of advice 'other professional help' includes training courses for entrepreneurs and advice given by a jobseekers office, organisations specialising in business start-ups and financial institutions; solutions that are more suitable for entrepreneurs without experience.

Turning to entrepreneurs' assessment of the profitability of their enterprise, their judgement does not seem to be very optimistic (Figure 3).

For all three groups the share of entrepreneurs responding 'barely sufficient' and 'poor' never falls below 50%. While there was barely any difference between entrepreneurs without experience (61.2%) and those with one experience (59.7%), the difference was

larger between those having had one experience and those with more than one (51.9%).

Figure 3: Judgement of profitability by managing experience, average of available countries, in %



Source: FOBS survey, 2005

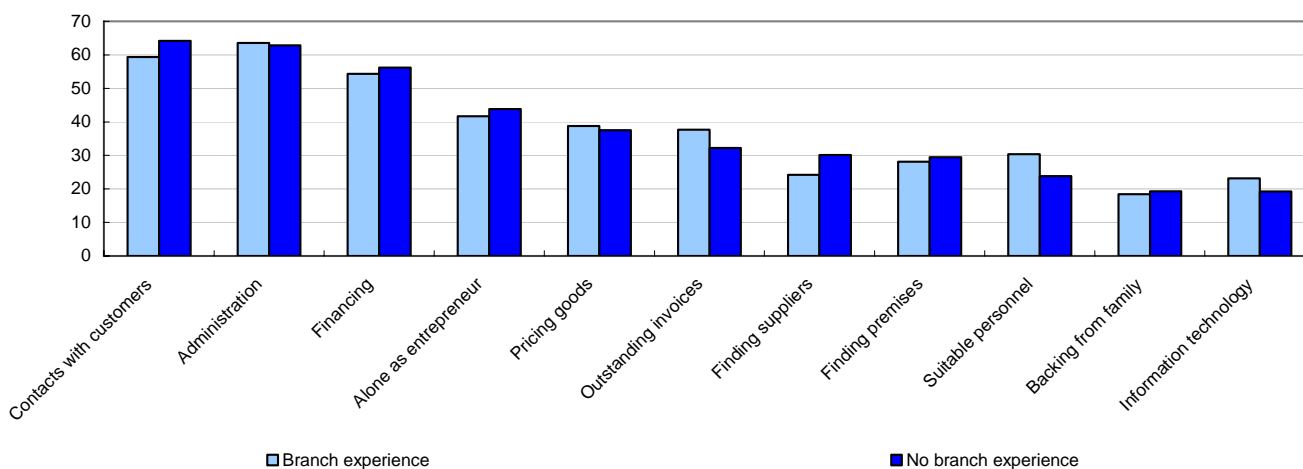
35.5% of inexperienced entrepreneurs consider that the profitability of their enterprise is 'good' or 'very good', while 39.8% of those with one experience are of the same view. However, of the most experienced entrepreneurs, a larger share (47.6%) gives these ratings. These differences indicate that experience leads to a more optimistic assessment of profitability.

Branch experience

When it comes to experience in a certain branch of activity – a factor which is most probably instrumental in business success – 63 % of the successful entrepreneurs have previous branch experience, while

37 % have none. This characteristic was examined by looking at the start-up difficulties and the assessment of entrepreneurs' future plans.

Figure 4: Start-up difficulties by type of experience, average of available countries, in %



Source: FOBS survey, 2005

The share of entrepreneurs with previous branch experience varies across the economic activities. In construction (NACE section F), 78% of the successful entrepreneurs have branch experience, while this is the case for only 36% 'financial intermediation' (NACE section J). For the other activities (NACE sections) the shares of entrepreneurs with branch experience range from between 50 % and 60 %.

Figure 4 compares the start-up difficulties for entrepreneurs with branch experience with those without any. Contacts with customers, administrative matters and financing difficulties are perceived as start-up problems by over half of the successful entrepreneurs, both with and without experience.

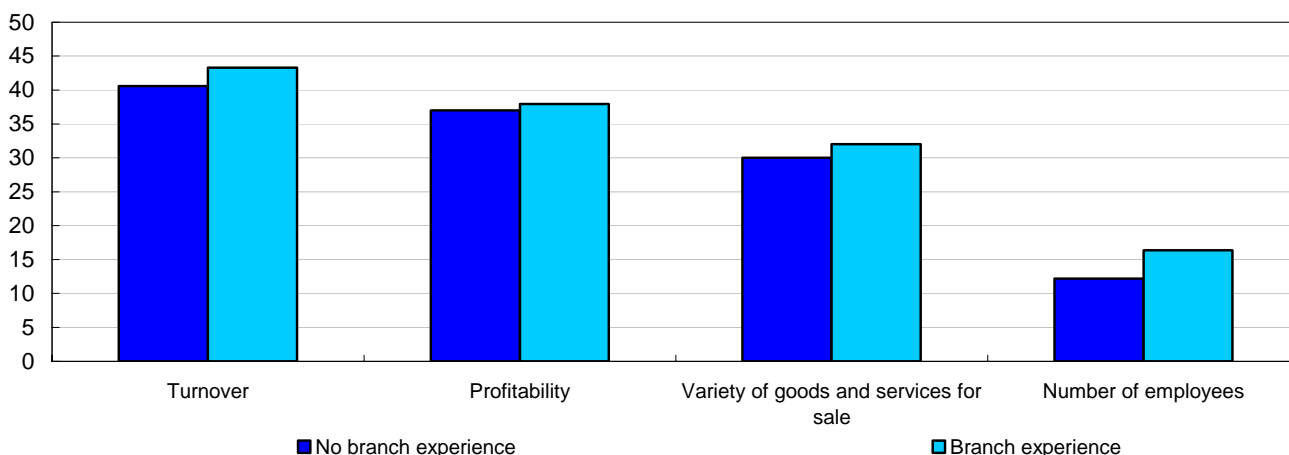
Generally, branch experience does not seem vital to be a successful entrepreneur. However, a slight correlation between branch experience and contacts with customers can be observed. Entrepreneurs with branch experience (59.4% to 64.1%) seem to have fewer difficulties to establish 'contacts with customers'. 37.6% of entrepreneurs with branch experience chose the item

'outstanding invoices' (compared with 32.3% without experience) and 30.3% 'find suitable personnel' (against 23.8% without experience). However, branch experience might help 'to find suppliers': only for 24.2% of experienced entrepreneurs was this a difficulty compared with 30.1% of those without experience.

Figure 5 shows expectations about future increase of business activity comparing entrepreneurs with branch experience with those without any. The ranking for business activity development is the same for both groups but the entrepreneurs with branch experience are a little more optimistic (with shares larger by 1.0 to 4.2 percentage points).

The largest share of the entrepreneurs with branch experience expects an increase in the turnover made by their enterprise (43.3%). An increase in profitability ranks second, followed by an increase in the variety of goods and services for sale. The expectation of an increase in the number of employees was the least cited (only 16.3%).

Figure 5: Entrepreneurs expecting increase of business activity by type of experience, average of available countries, in %



Source: FOBS survey, 2005

Age

14% of the entrepreneurs were less than 30 years old, 38% between 30 and 39 years and 48% 40 years and over. Could age play a role in business success? The analysis of this characteristic is based on the motivations of the entrepreneurs, on the enterprise growth and on the entrepreneur's assessment of innovation in the enterprise. Whereas the motivations and the assessment of innovation are considered only as the average of the available countries, enterprise growth is also examined by country.

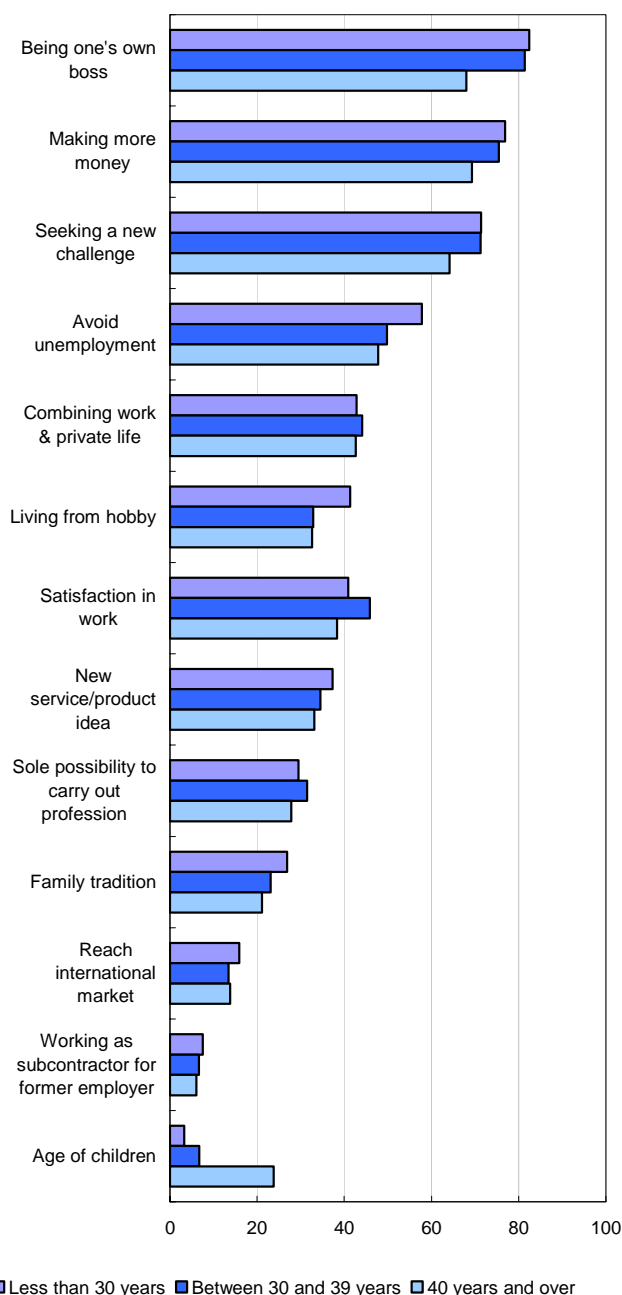
Figure 6 shows the start-up motivations of the entrepreneurs by age group. Multiple answers were allowed for respondents to this question. Generally, age group 40 years and older shows the lowest percentages for most of the motivations. Whereas for both age

groups under 40 years the first motivation is the desire 'to be my own boss', for the over-40s the first motivation is the prospect of 'making more money'. This motivation comes second for younger entrepreneurs. However, 'the desire for new challenges' is the third most cited motivation for all three age groups.

The last motivation at the other end of the scale is 'the age of the children', which is highly correlated with the age group of the entrepreneur: the older the entrepreneur, the older the children are as well.

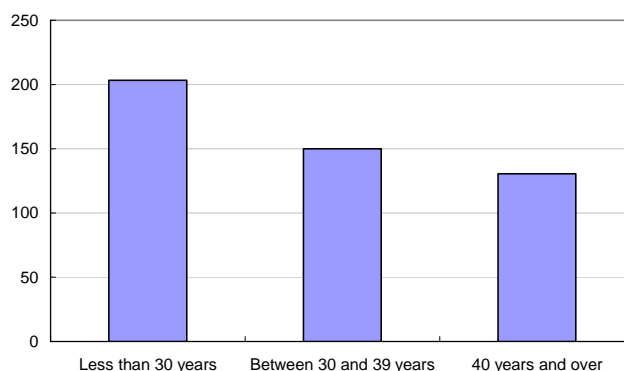
Younger entrepreneurs seem to feel more concerned by avoiding unemployment and living from a hobby than those over 30 years. For 30-39-year-olds, satisfaction in work is more relevant (45%) than for the two other groups.

Figure 6: Motivation for start-up by age group, average of available countries, in %



Source: FOBS survey, 2005

Figure 7: Enterprise growth (number of employees, years 2002 vs. 2004) by age group, average of available countries, in %



Source: FOBS survey, 2005

Enterprise size would seem to expand faster at the hands of younger entrepreneurs, than for their older counterparts. Figure 7 compares the growths in the number of employees in enterprises between the birth year (2002) and the year 2004, and according to the three age classes of entrepreneurs. As can be seen, growth rates fall from over 200 % for the youngest group, to 150 % for the middle age group, down to 131 % for the oldest group.

This country average masks however huge differences in the individual countries (Table 1). The total growth rates vary between 22% for Portugal and 192 % for the Czech Republic and Lithuania. With the exception of Latvia, EU-15 Member States show growth rates below 100% and new Member States above 100%. For the individual age groups, the growth rates range from 19% for Portugal (40 years and over) to 407% for the Czech Republic (less than 30 years).

Exceptions to this correlation are Latvia, Lithuania and Romania where the highest growth rates can be found for those aged 'between 30 and 39 years', and Denmark where the enterprises of entrepreneurs older than 40 years grow at the highest rate.

Table 1: Enterprise growth by country (Number of employees, birth year vs. survival year) by age group, in %

	Average*	CZ	DK	EE	IT	LV	LT	LU	AT	PT	SI	SK	SE	BG	RO
Total	141.0	192.2	72.4	165.3	184.3	31.5	192.4	64.8	54.2	21.9	142.3	171.2	54.5	139.1	131.3
Less than 30 years	203.3	406.9	35.9	248.9	250.2	23.4	166.2	187.4	132.6	28.3	170.4	316.8	103.2	394.8	113.8
Between 30 and 39 years	150.0	205.1	50.1	193.5	192.9	39.3	207.9	110.0	41.4	26.9	126.8	168.8	79.1	151.6	158.7
40 years and over	130.6	159.6	86.0	135.4	173.0	27.7	186.0	37.9	55.8	19.0	132.5	154.3	34.6	119.2	125.5

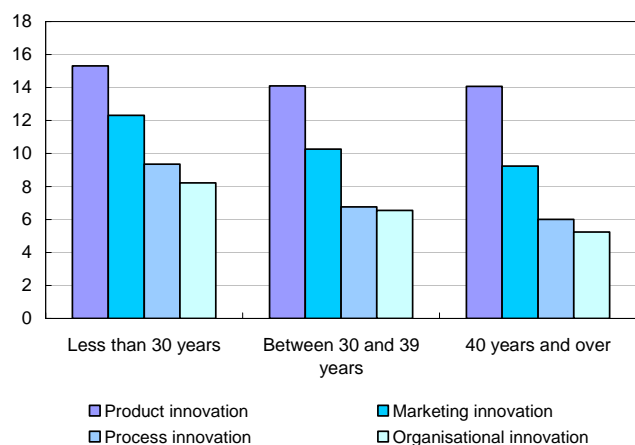
* The average is based on data of 10 countries (CZ, DK, IT, LT, LU, AT, SK, SE, BG and RO).

Source: FOBS survey, 2005

Entrepreneurs' assessment of innovation in their own enterprise is shown in Figure 8, according to four different innovation types: a new or improved good or service (product innovation), the use of a new or better technology (process innovation), a new or improved

marketing strategy (marketing innovation) and/or a new or better organisation of the enterprise (organisational innovation).

Figure 8: Assessment by the entrepreneurs of the innovation in their own enterprise, by age group, average of available countries, in %



Source: FOBS survey, 2005

In general, of the few entrepreneurs that evaluate their business or part of it as innovative, most of them link it to product innovation. The second choice is marketing innovation followed by process innovation. Only very few entrepreneurs (5% to 8%) make organisational innovation as their choice. For all age groups, the ranking is the same.

Although the differences are rather small, the youngest entrepreneurs would seem to consider their enterprises more innovative than is the case for the older age groups, where moreover there was not much difference between them. For example, 15.3% of the youngest entrepreneurs selected product innovation, against 14.1% for the two older groups.

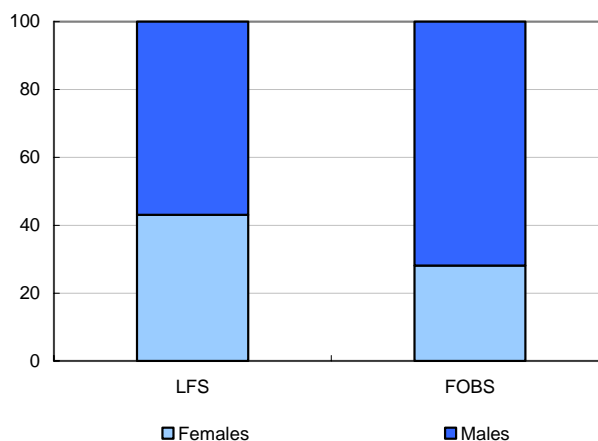
Gender

Do enterprises fair better in the hands of men rather than women, or vice-versa? To shed more light on gender as a possible key factor in business success, the motivations for starting up, the start-up difficulties encountered and the judgement of profitability are looked at more closely. The motivations for start-up are analysed for the average of the available countries and by country.

Readers should note that in the FOBS survey, 28% of entrepreneurs were women and 72% were men. In order to establish to what extent the FOBS survey reflects the working population, Figure 9 compares the proportion of women in the FOBS survey with the share in the working population.

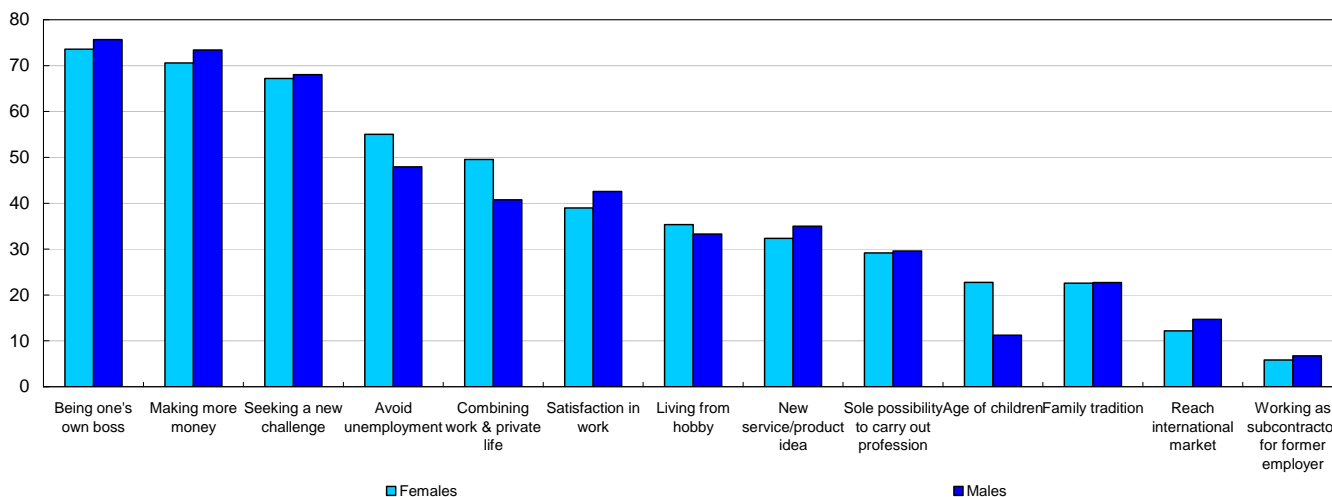
When comparing the FOBS survey with the Labour force survey (LFS), readers should note that they are based on different populations. While the FOBS survey questions businesses, the LFS draws its data from households. Moreover, while in the LFS 43% of respondents are women, in the FOBS survey this share is only 28%.

Figure 9: Proportion of women among entrepreneurs vs. proportion of working population by gender, as a percentage



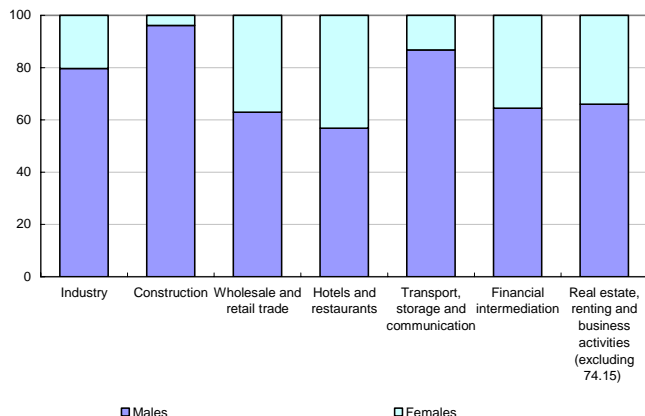
Sources: Labour Force Survey, 2002 and FOBS survey, 2005

Figure 10: Motivation for start-up by gender, average of available countries, in %



Source: FOBS survey, 2005

Figure 11: Successful entrepreneurs (of enterprises created in 2002 and which survived to 2004), by gender, in different economic activities (NACE Sections), average of available countries, in %



Source: FOBS survey, 2005

As shown in Figure 11, shares of men and women vary between NACE activities. Whereas NACE Section F 'Construction' is clearly a male domain (96.1%), women would seem to prefer starting up their own business in 'Hotels and restaurants' (NACE Section H, 43.2%), where they are however a minority as well.

For both groups, the first three motivations are 'the desire to be my own boss' (F: 73.6%, M: 75.7%), 'the prospect of making more money' (F: 70.6%, M: 73.4%) and 'the desire for new challenges' (F: 67.2%, M: 68.0%).

Looking at some of the other motivations, for women, the motivations 'to avoid unemployment', 'to combine work and private life' and 'the age of the children' would seem to be more important than for men. By contrast, for men, 'to get away from an unsatisfactory work situation' is more important than 'to combine work and private life'. Whereas the 'age of children' comes 10th place out of 13, this motivation is for men ranks last-but-one.

Table 2: Entrepreneurs' assessment of innovation in their own enterprise, by gender, in %

		Average*	CZ	DK	EE	IT	LV	LT	LU	AT	PT	SI	SK	SE	BG	RO
Females	product	13.6	17.1	15.6	15.3	11.2	23.9	20.3	23.4	20.9	15.0	24.4	27.5	41.5	8.3	5.9
	process	4.1	5.4	7.3	5.7	3.1	10.7	8.5	7.1	3.5	7.4	13.5	11.2	9.3	1.8	2.0
	organizational	5.2	6.6	3.2	10.7	5.5	9.9	6.4	14.2	5.8	14.2	12.9	8.5	12.3	2.2	2.4
	marketing	9.1	12.6	13.0	8.8	6.9	14.5	17.9	18.4	16.7	21.2	20.9	17.4	24.4	7.2	3.3
Males	product	14.5	20.6	16.5	18.2	8.2	28.0	25.3	26.1	24.2	18.2	31.9	33.7	39.4	10.5	7.1
	process	7.8	14.3	9.3	7.2	4.2	13.1	13.6	4.0	6.5	15.2	21.1	22.8	13.7	3.0	3.0
	organizational	6.5	8.5	4.6	7.9	5.8	9.3	10.6	10.1	7.2	15.3	15.8	12.2	12.5	3.0	2.5
	marketing	10.4	18.3	8.7	9.4	5.9	15.7	18.1	14.4	15.7	20.8	20.0	23.1	23.2	6.3	3.8

* The average is based on data of 10 countries (CZ, DK, IT, LT, LU, AT, SK, SE, BG and RO).

Source: FOBS survey, 2005

On average, 'to be my own boss' is the main motivation for most entrepreneurs, while the second one is 'to make more money'. Behind this country average however, 'to be my own boss' was the first choice for the Czech Republic, Estonia, France, Italy, Latvia and Lithuania, while for Portugal, Slovenia, Slovakia, Bulgaria and Romania, 'to make more money' was deemed as being the most important. In Luxembourg however, entrepreneurs cited 'to work as subcontractor for my former employer' as their first choice.

When it comes to the second choice, there is slightly more diversity in entrepreneurs' choice: 'to make more money' (Estonia, Italy, Latvia and Lithuania), 'to be my own boss' (Denmark, Austria and Slovakia), 'new challenges' (Czech Republic, France, Portugal, Sweden and Slovenia). Exceptions to this were Luxembourg with 'age of children' and Bulgaria 'to avoid unemployment'.

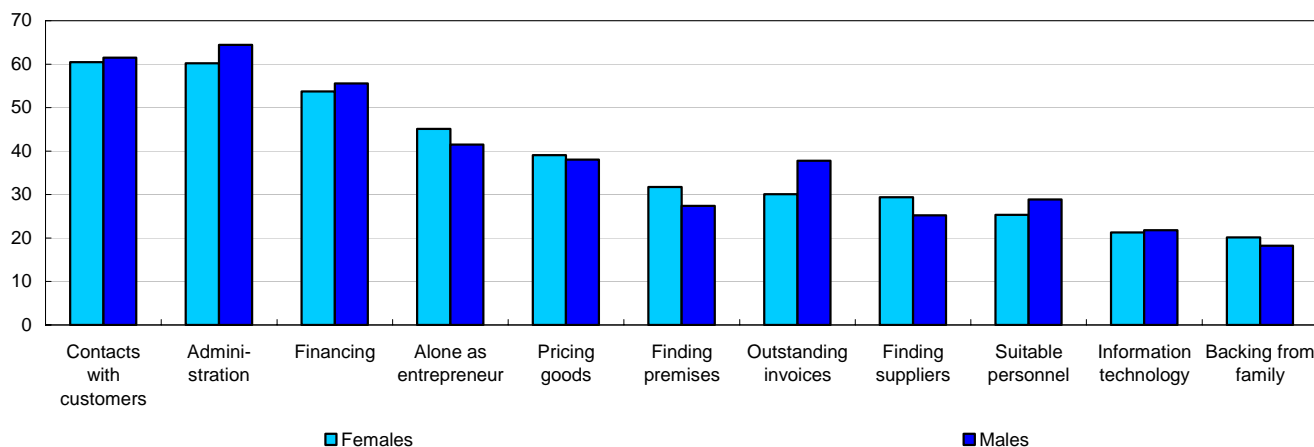
Whereas the start-up motivations 'new challenges' and 'to be my own boss' give similar percentages for male and female founders for the motivation 'to make more money' there are in many countries significant differences between men and women. In eleven out of fifteen countries the share of women is lower than the share of men.

Table 2 shows that more men than women assess their enterprises as innovative, with the exception of Italy, Luxembourg and Sweden. In the cases where more women than men assess their enterprises as innovative, innovation is mostly related to the marketing domain (Denmark, Italy, Luxembourg, Austria, Portugal, Slovenia, Sweden, and Bulgaria). With the exception of Luxembourg, men dominate strongly the process innovation; this means the technical aspect of innovation.

Among the difficulties encountered by entrepreneurs starting up, do men and women cite one or the other more often? As shown in Figure 12, for women 'contacts with customers' is the first difficulty (60.5%) and the second one is 'administrative problems' (60.2%), whereas for men 'administrative problems' (64.4%) ranges first followed by 'contacts with customers' (61.5%).

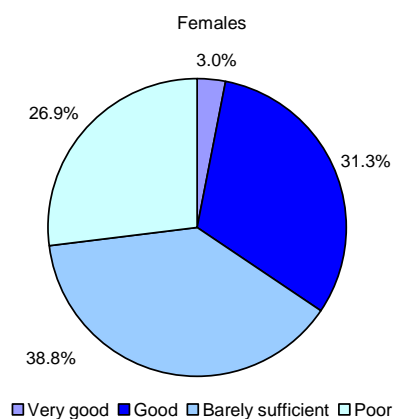
Differences between both groups are rather small but men cite more often 'outstanding invoices', finding 'suitable personnel' and 'information technology' as start-up difficulties. 'Alone as entrepreneur', 'pricing goods', 'finding premises', 'finding suppliers and 'backing from family' were mentioned slightly more frequently by women.

Figure 12: Start-up difficulties by gender, in %



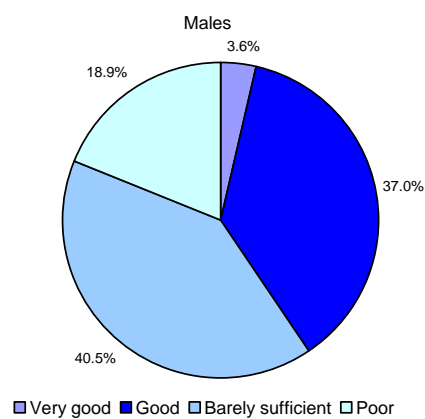
Source: FOBS survey, 2005

Figure 13a: Judgement of profitability of female entrepreneurs, average of available countries, in %



Source: FOBS survey, 2005

Figure 13b: Judgement of profitability of male entrepreneurs, average of available countries, in %



Source: FOBS survey, 2005

Do men and women assess the current profitability of their enterprise differently? It would seem that men are slightly more positive (Figures 13a and 13b). Asked to rate the profitability of their enterprise, 31.3% of women considered it was 'good', which was less than the share of men (37.0 %).

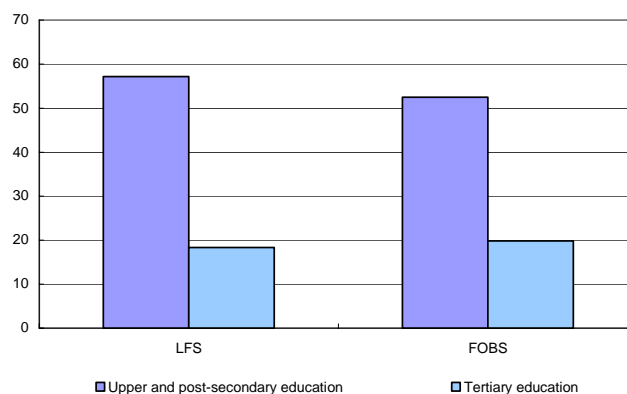
By contrast, a greater share of women (26.9 %) believed that profitability was 'poor' (men: 18.9%). Even if for both genders, the share of entrepreneurs rating profitability as either 'barely sufficient' or 'poor' is higher than those rating it as either 'very good' or 'good', men would seem to be more optimistic.

Education

To start up an enterprise does not necessarily require an adequate educational background, but it may be one key factor in business success. To evaluate this factor, start-up difficulties and assessment of innovation in the enterprise are analysed in relation with education level.

Asked about their education level, based on the International Standard Classification of Education (ISCED), 28% of entrepreneurs had a primary and lower secondary education (ISCED levels 1 and 2), 42% an upper secondary education (ISCED 3) level, 11% a post-secondary non-tertiary education (ISCED 4) and 20% a tertiary education (ISCED levels 5 and 6).

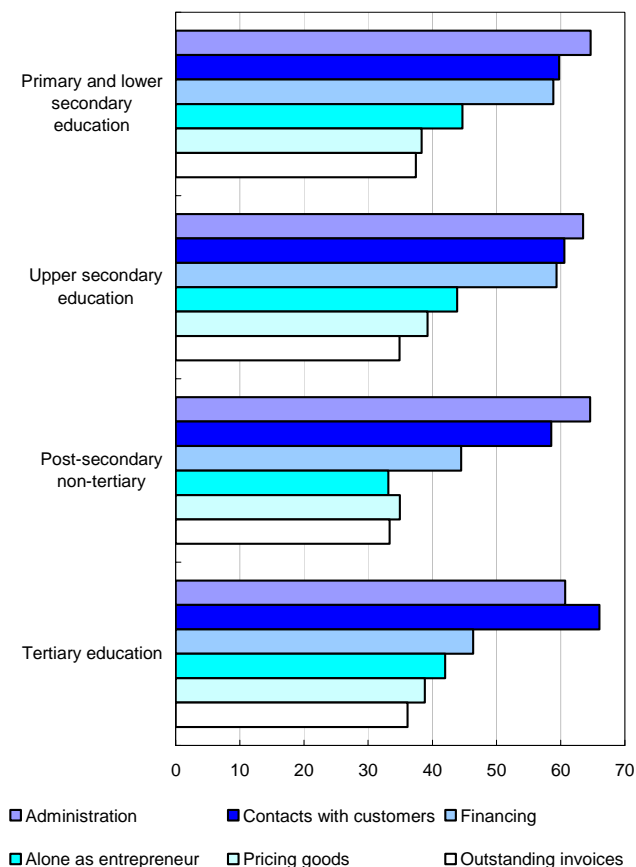
Figure 14: Education levels of entrepreneurs compared with education level of working population, in %



Sources: Labour Force Survey, 2002 and FOBS survey, 2005

The shares of entrepreneurs with upper and post-secondary education are almost the same in the LFS and in the FOBS survey (around 55%). And there is not much difference between those educated to tertiary level: in the FOBS survey, 20% of entrepreneurs had tertiary-level education, while in the LFS this share was 18%.

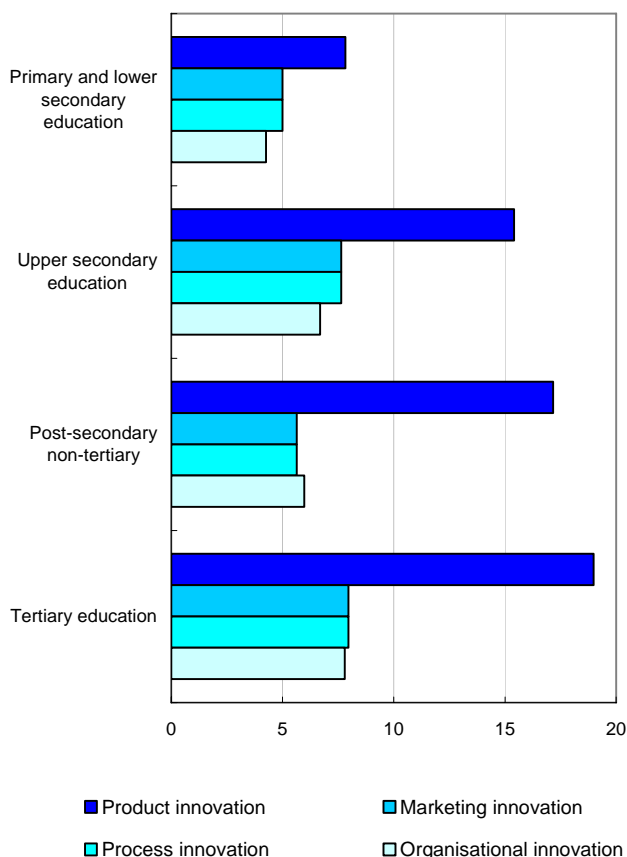
Figure 15: Start-up difficulties by education level, average of available countries, in %



Source: FOBS survey, 2005

Among the top six start-up difficulties, 'administration' emerges as the most frequently cited difficulty for entrepreneurs in three out of four education levels. For those with a tertiary education, however, this difficulty ranges behind 'contacts with customers', which is the second most important problem for the three lower education levels. For all four education levels, the third most important difficulty was 'financing'. Interestingly, being 'alone as entrepreneur' for the post-secondary non-tertiary education level is of much lesser importance than for the three other levels.

Figure 16: Entrepreneurs' assessment of the innovation in their own enterprise, by education level, average of available countries, in %



Source: FOBS survey, 2005

Looking at those entrepreneurs that considered their enterprise as innovative (Figure 16), when asked to assess the type of innovation, 'product innovation' was selected by the highest share of entrepreneurs at each education level (between 7.8% and 19.0%). 'Marketing innovation' ranges second for all education levels with shares of between 6.1% and 11.9% of entrepreneurs. Generally, the assessment of innovation is correlated with the education level. For the lowest education level the percentages for innovation assessment are also the smallest.

The situations in individual countries echoed this pattern, with the one important exception of Portugal, where 'marketing innovation' was entrepreneurs' first choice. When comparing country data, the overall relevance of innovation seems to vary widely between countries. For Sweden the shares of entrepreneurs selecting one of the four innovation types range between 12.4% and 39.9% whereas in Romania, they go from 2.5% to 6.8%.

Looking closely to the assessment by entrepreneurs of product innovation by education level a correlation can be observed. For most of the countries the percentages of those that choose the item 'product innovation' increase with the education level.

Table 3: Assessment by the entrepreneurs of product innovation in their own enterprise, by country and by education level, in %

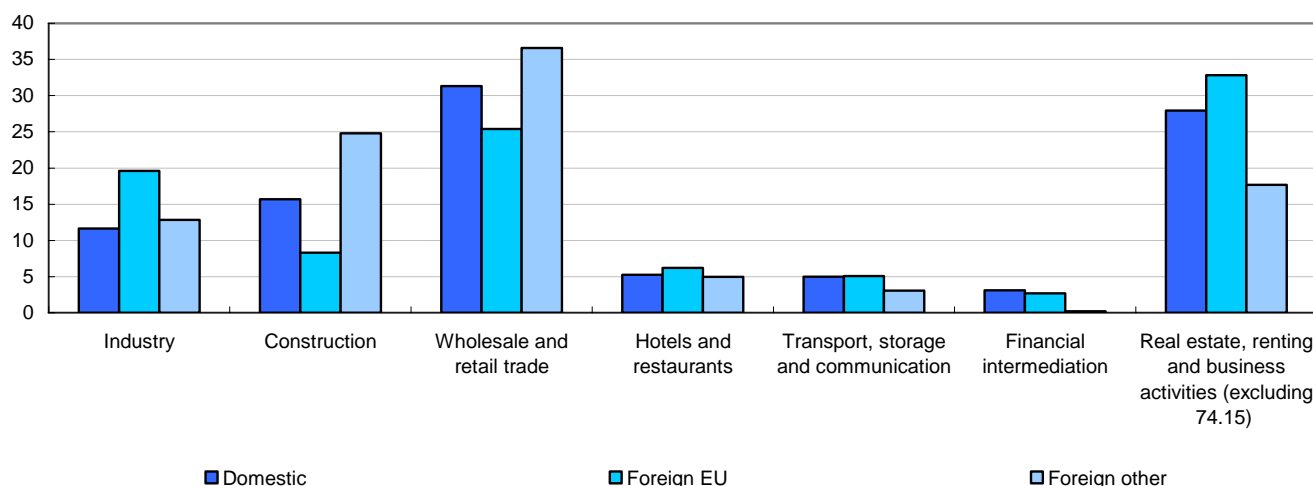
	Average	CZ	DK	EE	IT	LV	LT	LU	AT	PT	SI	SK	SE	BG	RO
<i>Total</i>	14.2	19.6	16.3	17.5	9.0	26.6	24.0	25.8	23.3	17.8	30.0	31.8	39.9	9.6	6.8
Primary and lower secondary education	7.8	12.7	10.8	10.9	5.2	22.7	37.5	20.2	14.9	11.1	19.0	28.7	33.9	2.3	3.7
Upper secondary education	15.4	19.7	9.0	18.4	10.5	23.3	18.7	16.9	20.0	18.8	30.3	32.3	38.1	6.8	6.9
Post-secondary non-tertiary	17.2	21.1	18.7	12.6	14.6	25.8	15.2	27.8	24.4	31.9	26.7	38.8	42.7	9.6	11.4
Tertiary education	19.0	23.2	22.6	19.3	10.9	29.4	27.0	33.2	27.3	31.5	33.6	33.5	43.3	14.8	8.3

* The average is based on data of 10 countries (CZ, DK, IT, LT, LU, AT, SK, SE, BG and RO).

Source: FOBS survey, 2005

Citizenship

Figure 17: Distribution of economic activities of entrepreneurs by citizenship, average available countries, in %



Source: FOBS survey, 2005

Finally, how is the citizenship of entrepreneurs a factor in business success? Are there differences in the types of economic activity (NACE Section) where entrepreneurs of different citizenships excel? 96.7% of the entrepreneurs are nationals of the country where they started up their enterprise, while the other 3.3% were foreign entrepreneurs, of which 1.4% were EU nationals and 1.9% were non-EU citizens. However the number of the foreign entrepreneurs in the FOBS survey was relatively small which may distort the picture.

Most entrepreneurs who were citizens of the country in which they started up their enterprise worked in the 'wholesale and retail trade'/NACE section G (31.3%), 'real estate, renting and business activities'/Section K (28.0%) and 'construction'/Section F (15.7%).

By contrast, most foreign EU entrepreneurs worked in 'real estate, renting and business activities'/Section K (32.8%) and 'wholesale and retail trade'/Section G (25.4%) – two activities that were in the reverse order of importance for national citizens – and 'industry'/Sections C to E (19.6%).

More than a third of all non-EU entrepreneurs can be found in the 'wholesale and retail trade' (36.6%), nearly a quarter in 'construction' (24.8%) and 17.6% in 'real estate, renting and business activities'.

No more than 10% of each citizen type worked in one of the other economic activities (NACE section).

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

COVERAGE

The survey on the 'Factors of Business Success' was carried out by 13 Member States (CZ, DK, EE, FR, IT, LV, LT, LU, AT, PT, SI, SK and SE) and the acceding countries (BG and RO).

The results of this survey give an insight into the factors that determine the success and growth of newly born enterprises, notably by looking into motivations for starting up one's own business, the barriers and risks encountered during the first years of existence, the current situation of the enterprise, and business plans for future development.

AVERAGE

Throughout the disseminated dataset, the weighted average consists of 10 countries whose data are most consistently available. These are CZ, DK, IT, LT, LU, AT, SK, SE, BG and RO. EE, PT, LV and SI are not included because data are partly confidential and thus many aggregates would have to be hidden. French data are not included because they were taken from a similar survey conducted independently (SINE), which overlaps only partially with the FOBS survey.

CHARACTERISTICS

The dataset focuses on the following subjects related to newly born enterprises:

- The start-up conditions of the enterprise, e.g. its financing, support and difficulties encountered during the start-up phase.
- The profile of the entrepreneur who founded the enterprise, such as the age, gender, educational background, previous experience and motivation for the start-up.
- The current situation of the enterprise, for instance in terms of its market position, its potential for growth, its employment and turnover.
- The future prospects of the enterprise as assessed by the entrepreneur.

TARGET POPULATION

The target population of the survey was defined according to the concepts of the Business Demography data collection as the newly born enterprises of the year 2002, which had survived to 2005 and which were still managed by the original entrepreneur, or founder.

STATISTICAL UNITS

The statistical unit is the enterprise. In practice, many countries report data on the legal units which in most cases coincide with the enterprises.

DATA SOURCE

The data were generally collected by the National Statistical Institutes (NSI) by means of a survey among enterprises. Sample sizes ranged from 2000 to 4000 enterprises in most countries.

Some differences in the coverage at country level may occur. Different administrative sources depending on national law, as well as surveys, are used to update the business registers.

DEFINITIONS

Enterprise birth

A birth amounts to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event.

Enterprise survival

An enterprise survival occurs if an enterprise is active in terms of employment and/or turnover in the year of birth and the following year(s).

Product innovation

Introduction of new and significantly improved goods and/or services with respect to their fundamental characteristics, technical specifications, incorporated software or other immaterial components, intended uses, or user friendliness.

Process innovation

Implementation of new and significantly improved production technologies or new and significantly improved methods of supplying services and delivering products.

Organisational innovation

Launch of a new and significantly improved organisation of management.

Marketing innovation

Introduction of a new and significantly improved way of selling goods or services.

International Standard Classification of Education - ISCED

ISCED 1-2: Primary and lower secondary level of education

ISCED 3: Upper secondary level of education

ISCED 4: Post-secondary non-tertiary

ISCED 5-6: First and second stage of tertiary education

ECONOMIC ACTIVITIES - NACE

The datasets are broken down into 9 aggregates of NACE Rev. 1.1 activities

C to E	Industry
C to K excluding 74.15	Industry and services excluding public administration and management activities of holding companies
F	Construction
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
G to K excluding 74.15	Services excluding public administration and management activities of holding companies
H	Hotels and restaurants
I	Transport, storage and communication
J	Financial intermediation
K excluding 74.15	Real estate, renting and business activities excluding management activities of holding companies

ABBREVIATIONS

LFS	Labour Force Survey
FOBS	Factors of Business Success

Further information:

Data: [EUROSTAT Website/Home page/Industry, trade and services/Data](#)

Industry, trade and services

-  **Industry, trade and services - horizontal view**
-  Short-term Business Statistics - Monthly and Quarterly (Industry, Construction, Retail Trade and Other Services)
-  Structural Business Statistics (Industry, Construction, Trade and Services)
-  **Special topics of structural business statistics**
-  Business demography
-  **Factors of Business Success**

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European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

Contact details for this support network can be found on our Internet site: <http://ec.europa.eu/eurostat/>

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