

## C5 New Businesses

An international comparison of start-up rates, i.e. the number of start-ups in relation to the total number of companies, is only possible at the European level.<sup>470</sup> For this purpose, the Business Demography Statistics from Eurostat are used (C 5-1), which represent a subsection of the Structural Business Statistics (SBS) of the European Union.<sup>471</sup> In a comparison of the start-up rates of eight selected European countries, Germany ranked fourth in 2019 when viewed over the economy as a whole, at 9.1 percent.<sup>472</sup> Germany was also unable to achieve a top position in the start-up rates in R&D-intensive industry (4.2 percent, rank 6) and in knowledge-intensive services (9.6 percent, rank 5 with Italy) in 2019.

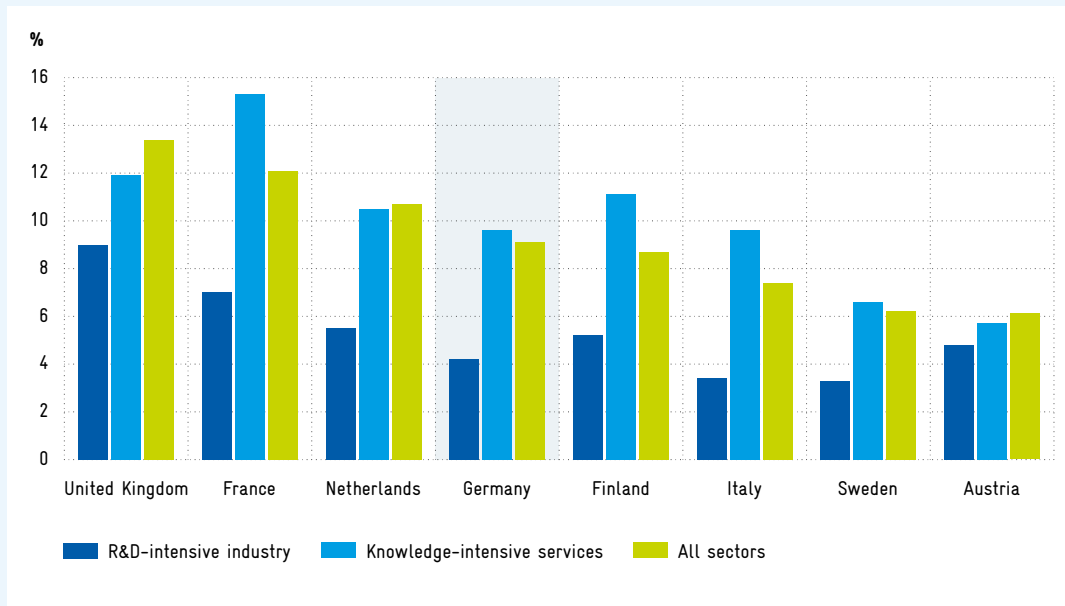
The basis for the results on business dynamics in the knowledge economy presented in figures C 5-2 to C 5-4 is an evaluation of the Mannheim Enterprise Panel (Mannheimer Unternehmenspanel, MUP) conducted by the ZEW – Leibniz Centre for European Economic Research. The MUP is the ZEW's panel data set on enterprises in Germany that has been compiled in cooperation with Creditreform, Germany's largest consumer reporting agency, since 1992.<sup>473</sup> The term 'enterprise' used in the MUP includes only economically active enterprises; only original start-ups are considered to be enterprise births.<sup>474</sup> The enterprise birth rate shown in figure C 5-2 is therefore calculated on a different data basis than in the Business Demography Statistics, so that no direct comparison is possible here.<sup>475</sup> This means that the values differ from the values given for Germany in figure C 5-1.

In the overall economy and in the knowledge economy, the start-up rates have been relatively constant in recent years (C 5-2).<sup>476</sup> Even in 2020, when the COVID-19 crisis hit the economy hard, there were no major changes in the start-up rates. In the overall economy, the start-up rate in 2020 fell slightly from the previous year from 5.1 to 5.0 percent, while in the knowledge economy it rose from 4.9 to 5.1 percent.

Like the start-up rates, the closure rates also remained stable in 2020 (C 5-3).<sup>477</sup> Compared to the previous year, the closure rates in the overall economy fell by 0.3 percentage points to 4.9 percent. In the knowledge economy, the rate was unchanged at 4.7 percent.

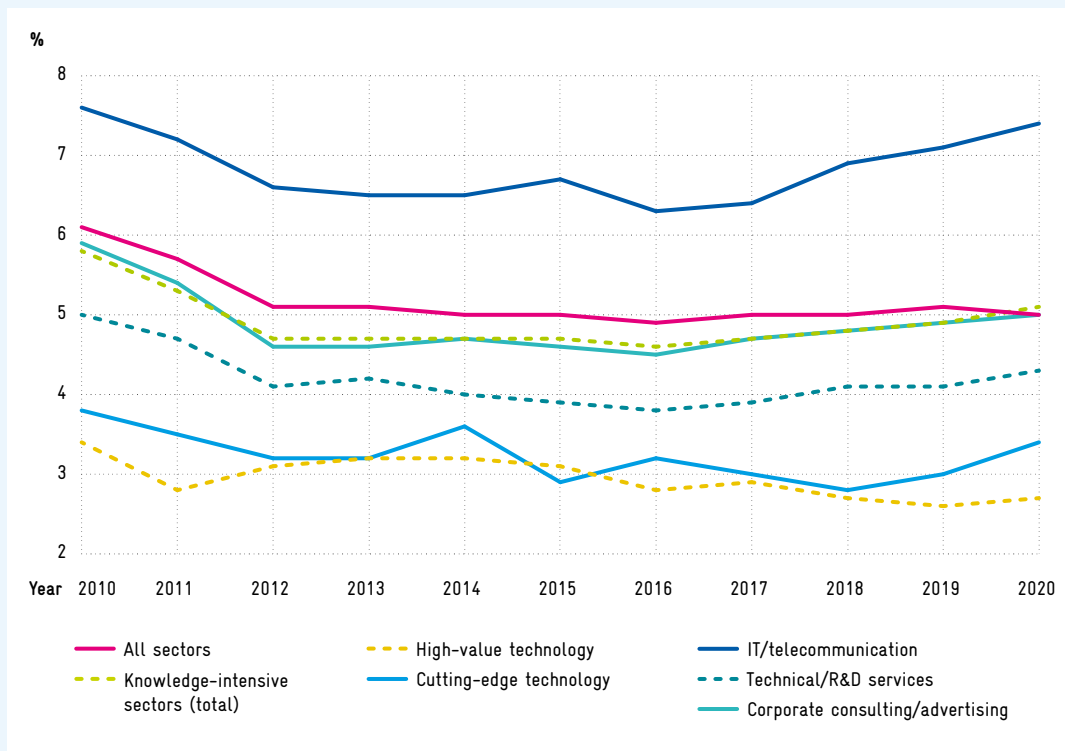
In a comparison of the Länder, Berlin had the highest start-up rates in the overall economy (6.4 percent) and in R&D-intensive industry (4.7 percent) and knowledge-intensive services (6.9 percent) in the period from 2018 to 2020 (C 5-4).<sup>478</sup> In R&D-intensive industry, Hamburg (4.3 percent) and Bremen (3.9 percent), the other two city states, ranked second and third. In knowledge-intensive services, Saarland (6.1 percent) and Bavaria (5.7 percent) achieved the highest start-up rates after Berlin.

Fig. C5-1 Start-up rates in selected countries 2019 in percent



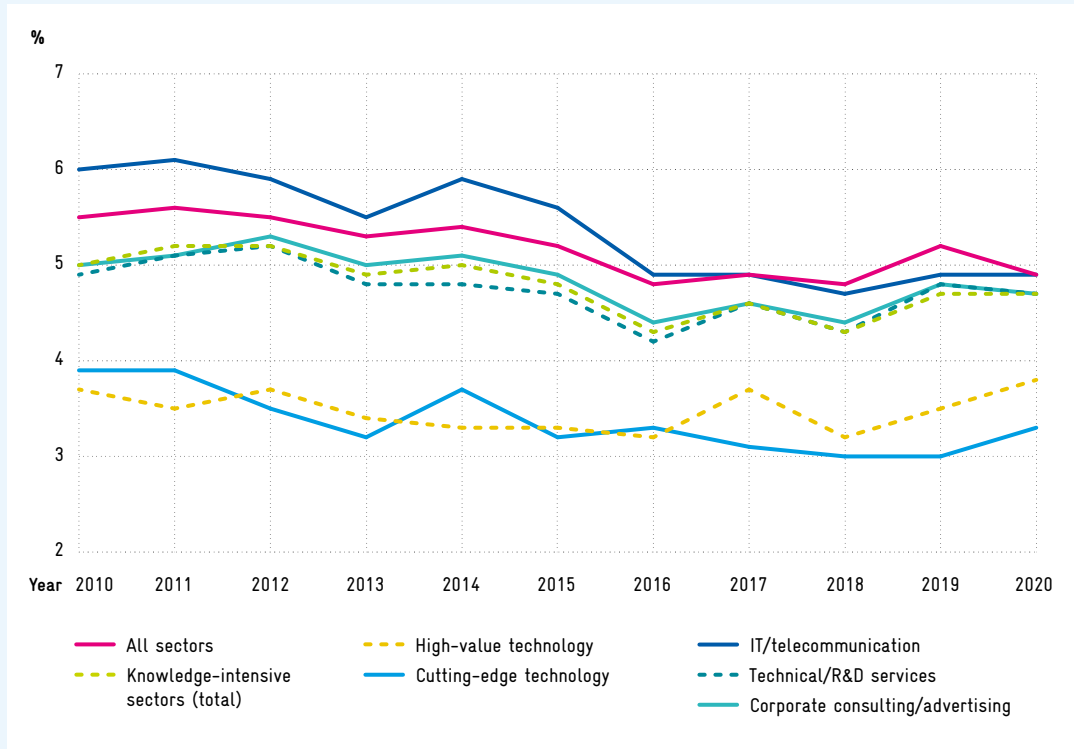
Start-up rate: number of start-up businesses as a percentage of the total number of companies.  
Source: Business Demography Statistics (Eurostat). Calculations by ZEW in Bersch et al. (2022).  
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Fig. C5-2 Start-up rates in knowledge-intensive sectors in Germany 2010–2020 in percent



The knowledge-intensive sectors comprise the R&D-intensive industries (high-value technology and cutting-edge technology) and knowledge-intensive services.  
Start-up rate: number of start-up businesses as a percentage of the total number of companies.  
All figures are provisional.  
Source: Mannheim Enterprise Panel. Calculations by ZEW in Bersch et al. (2022).  
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**Fig. C5-3 Closure rates in knowledge-intensive sectors in Germany 2010–2020 in percent**



The knowledge-intensive sectors comprise the R&D-intensive industries (high-value technology and cutting-edge technology) and knowledge-intensive services.

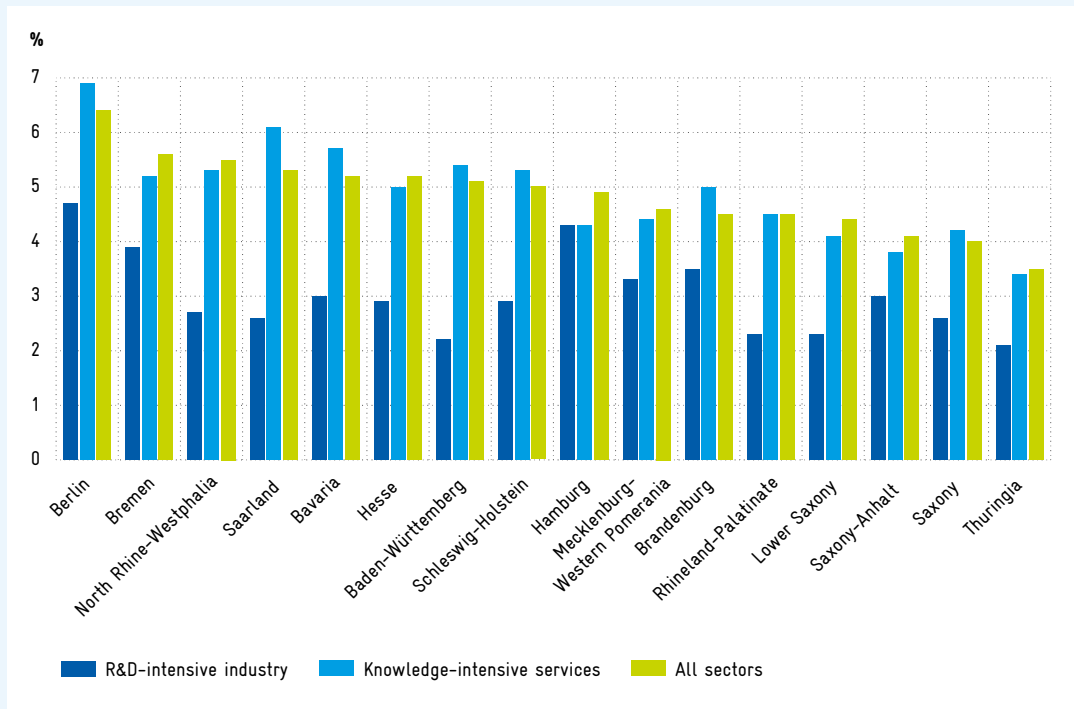
Closure rate: number of companies that close during a year as a percentage of all companies.

All figures are provisional.

Source: Mannheim Enterprise Panel. Calculations by ZEW in Bersch et al. (2022).

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**Fig. C5-4 Start-up rates by Länder 2018–2020 in percent**



Start-up rate: number of start-up businesses as a percentage of the total number of companies.

All figures are provisional.

Source: Mannheim Enterprise Panel. Calculations by ZEW in Bersch et al. (2022).

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