

HIGH-GROWTH ENTREPRENEURSHIP

FLAGSHIP REPORT



WORLD BANK GROUP
Trade & Competitiveness

2016 Annual
Entrepreneurship
Conference

16 November 2016

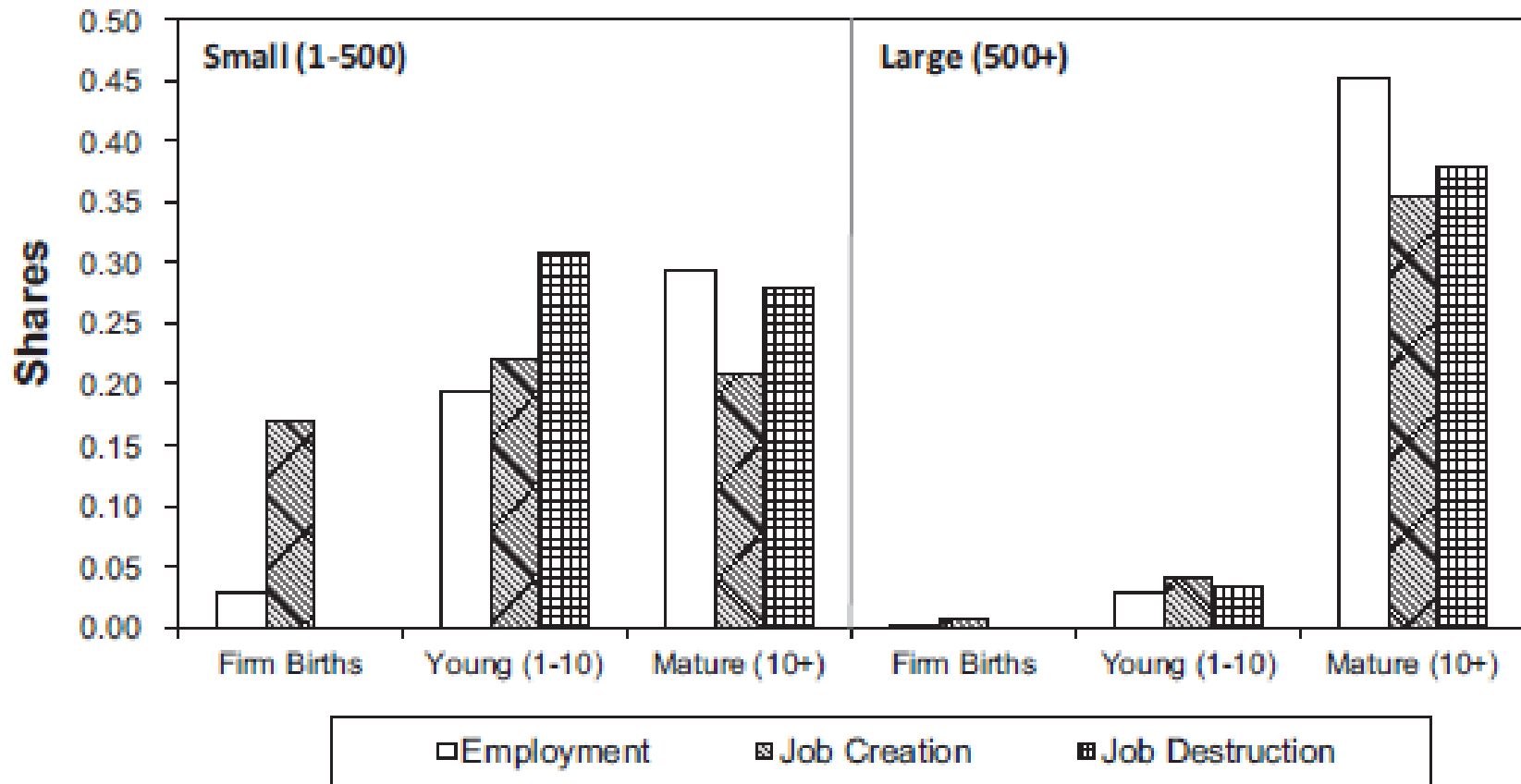
WHAT IS SPECIAL ABOUT HIGH GROWTH FIRMS ?

- Jobs and output growth
 - Start-ups contribute disproportionately to net job creation, but most start-ups do not survive
 - Few survivors create more than half of new employment and output in the US

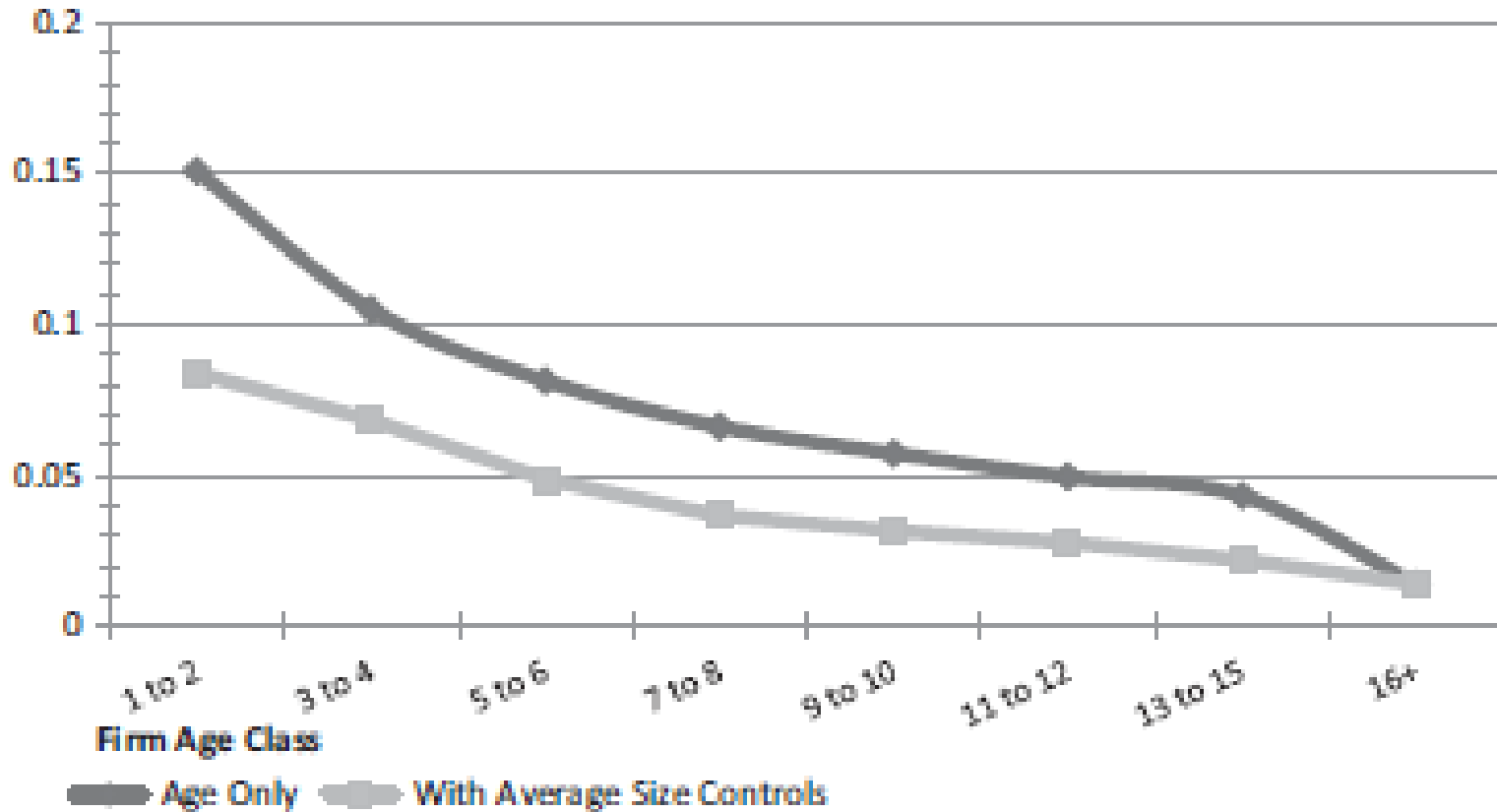
- Productivity
 - Productivity differentials drive performance outcomes
 - Highly productive firms “pull up” productivity of others
 - And drive overall productivity growth by absorbing resources tied up in less productive firms

- Most of the evidence is limited to high-income countries
 - Enabling high growth firms could be a major boost to productivity by reducing misallocation
 - Relatively little information on
 - Patterns of firm growth
 - Characteristics of high growth firms
 - Their employees and managers
 - Their linkages with other firms
 - Policy instruments to facilitate their emergence
 - **World Bank High Growth Entrepreneurship Flagship report (late 2017)**

NEW ENTRANTS CONTRIBUTE DISPROPORTIONATELY TO JOB CREATION

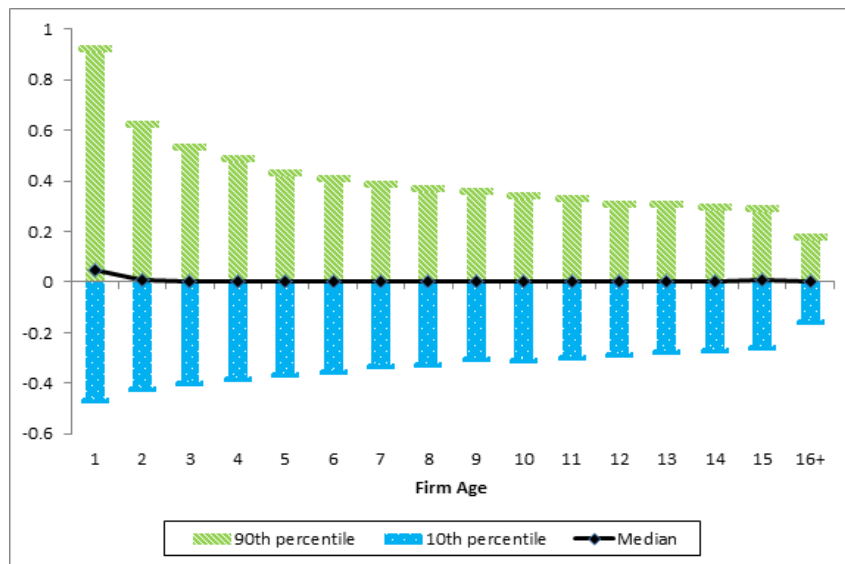


MORE THAN HALF OF START-UPS WILL HAVE GONE OUT OF BUSINESS BY AGE FIVE

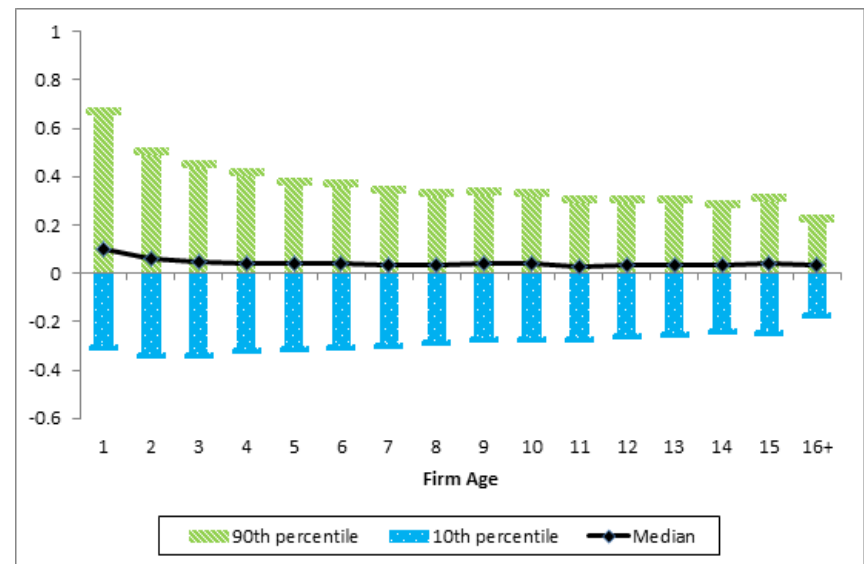


THE VERY TOP FIRMS DRIVE EMPLOYMENT AND OUTPUT GROWTH

Net employment growth, 1996-2013



Output growth, 1996-2013

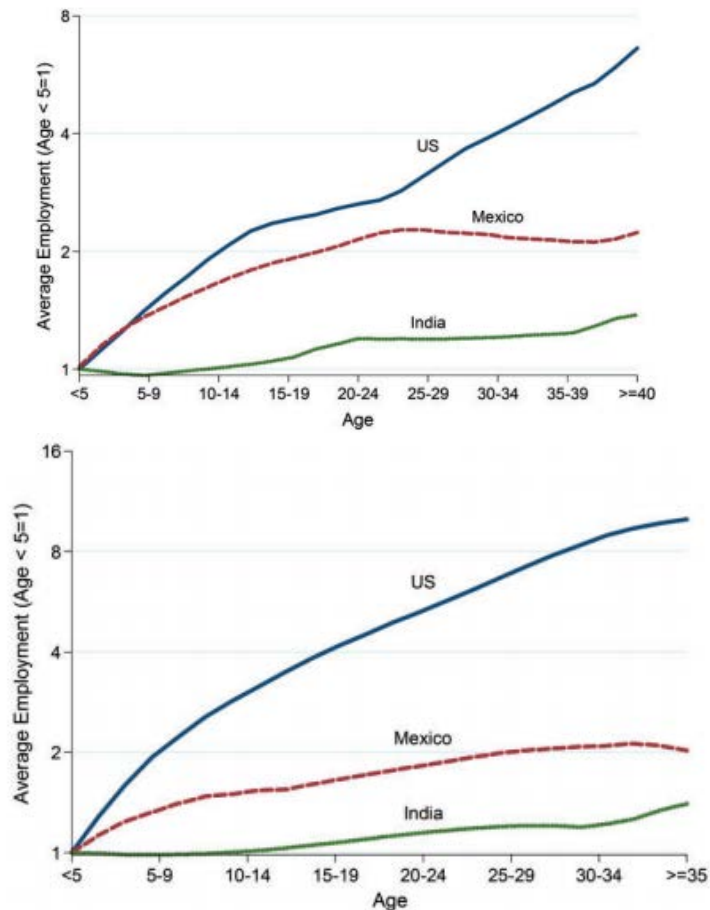


DIFFERENCES IN PERFORMANCE ARE EXPLAINED BY PRODUCTIVITY DIFFERENTIALS

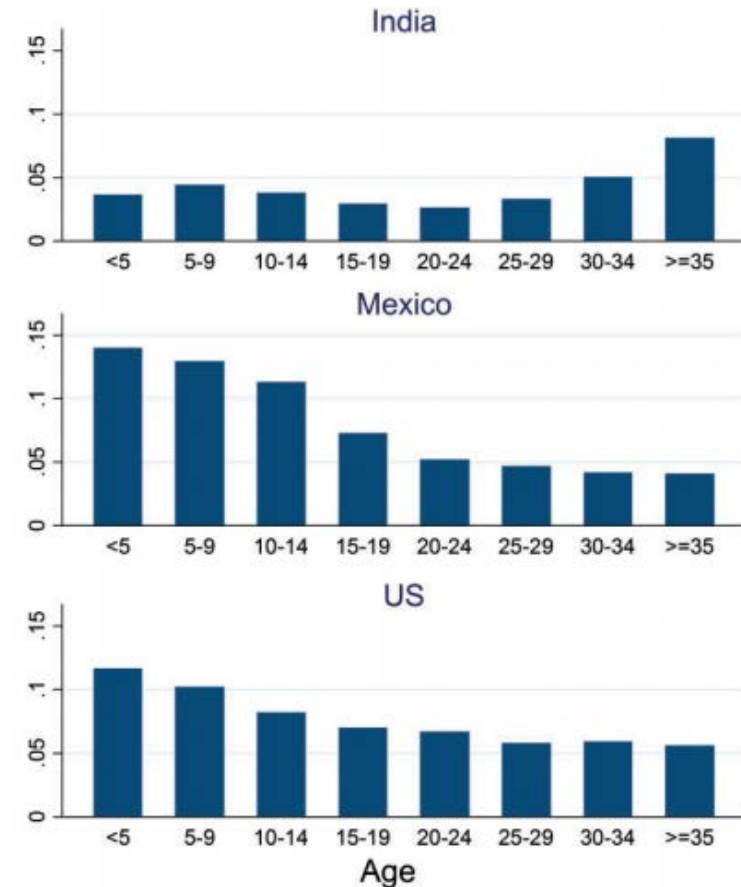
China	1998	2001	2005
S.D.	1.06	0.99	0.95
75 – 25	1.41	1.34	1.28
90 – 10	2.72	2.54	2.44
<i>N</i>	95,980	108,702	211,304
India	1987	1991	1994
S.D.	1.16	1.17	1.23
75 – 25	1.55	1.53	1.60
90 – 10	2.97	3.01	3.11
<i>N</i>	31,602	37,520	41,006
United States	1977	1987	1997
S.D.	0.85	0.79	0.84
75 – 25	1.22	1.09	1.17
90 – 10	2.22	2.05	2.18
<i>N</i>	164,971	173,651	194,669

BUT MANY FIRMS IN DEVELOPING COUNTRIES NEITHER GROW NOR EXIT

Employment and firm age



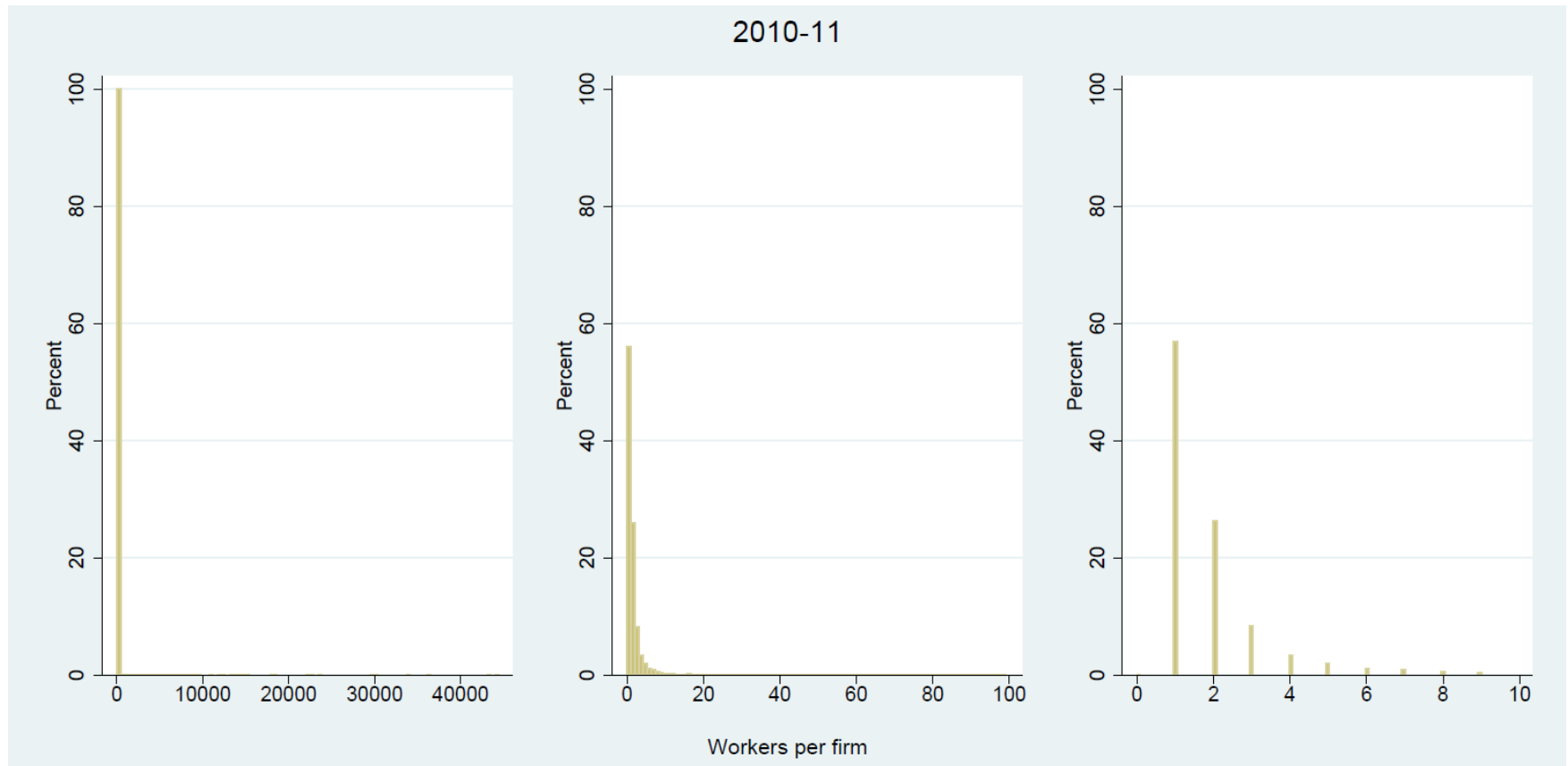
Exit rates by firm age



RESULTING IN A DENSE LEFT TAIL OF SMALL FIRMS

India

2010-11



AND LIMITING OVERALL GROWTH IN PRODUCTIVITY

