**Documentation of statistics for
High Growth Enterprises 2023**

1 Introduction

The statistics High growth enterprises in Denmark was published the first time in 2008. High growth enterprise as well as Gazelles were at that time measured. However, later the statistics was limited to only include Gazelles. The purpose of the statistics "Gazelles in Denmark" is to illustrate the development in the number of gazelles and jobs created in the growth period.

2 Statistical presentation

The statistics counts yearly the number of gazelles in Denmark, as well as jobs created in the growth period. In addition the turnover at the beginning and end of the growth period is available.

The growth indicator is the number of employees. The number of employees is converted into full-time equivalents (FTEs). The number of FTEs is used as a measure of the total amount of work performed by the gazelles employees during the year in question.

The statistics covers only Non-Agricultural Private Sector.

2.1 Data description

Gazelles are enterprises that are up till 5 years old, that have had an average annual growth of at least 20 per cent. over a three year period, and who had five or more employees in the beginning of the growth period. The population of gazelles in the period 2020-2023 is based on all new enterprises in 2018 and 2019, that had five or more employees in 2020. The indicator of growth is full time employees.

2.2 Classification system

National figures are published on Danish industry codes while figures are delivered to Eurostat on NACE rev.2

2.3 Sector coverage

The statistics covers the non-agricultural private sector.

2.4 Statistical concepts and definitions

Gazelle: A gazelle is a high-growth enterprise that is up to 5 years old with average annual growth greater than 20 pct. per annum over a three year period.

In part, the definition of gazelles follows the definition by the OECD and Eurostat (cf. Eurostat OECD Manual on Business Demography Statistics, 2007 edition) of gazelles. In the manual gazelles are defined as all new enterprises up to five years old, that have 10 or more employees at the beginning of the growth period, and which have an average annual growth of 20 per cent per year, over a three-year period.

The indicator of growth is the number of full-time equivalents (FTEs). The number of FTEs is used as a measure of the total amount of work performed by the gazelles employees during the year in question.

2.5 Statistical unit

The statistics is published at enterprise level.

2.6 Statistical population

The population Gazelles constitute the number of new enterprises in t-5 or t-4 with at least 5 full-time employees in t-3 and with at least 20 pct. annually growth from t-3 to t., where t=the reference year of the population.

2.7 Reference area

The statistics cover all of Denmark.

2.8 Time coverage

Growth periods 2004:2007-2020:2023.

2.9 Base period

Not relevant for this statistics.

2.10 Unit of measure

The unit of measure is number of enterprises.

2.11 Reference period

01-01-2020 - 31-12-2023

2.12 Frequency of dissemination

The statistics is published annual.

2.13 Legal acts and other agreements

Data is currently transmitted to Eurostat on a voluntary basis described in Annex IX, Regulation No 295/2008.

2.14 Cost and burden

The statistics is based on administrative registers. Therefore there are no direct cost or burdens associated with the publication of the statistics.

2.15 Comment

If additional information is needed please contact Statistics Denmark. See also the <u>Subject page</u>

3 Statistical processing

The statistics are based on the Business demography statistics and the information regarding surviving firms up to 5 years old. The information of survival is used to the delimitation of the population to be measured. The enterprise's development in number of full-time employment is measured from start to end of the growth period.

3.1 Source data

The statistics is based on the: <u>Business Demography</u>.

3.2 Frequency of data collection

Data are collected annually.

3.3 Data collection

Data used in the statistics are collected from administrative registers.

3.4 Data validation

The statistics is based on validated data. The statistics is validated against earlier reference years on industry and regional level.

3.5 Data compilation

This statistics is based on validated register data. The data treatment include a NACE delimitation and the calculation of growth.

3.6 Adjustment

No data correction is made.

4 Relevance

The statistics is used by ministries and governmental agencies, regional and county authorities as well as private sector institutions and enterprises. Number of gazelles in Denmark is used in analysis of the development of young high-growth enterprises (gazelles). Moreover, it illustrates the creation of new jobs amongst these enterprises in the growth period. No user satisfaction is collected.

4.1 User Needs

The statistics is used by ministries and governmental agencies, regional and county authorities as well as private sector institutions and enterprises. The statistics is also used for service tailor made statistics, where data are combined with different sources of data.

4.2 User Satisfaction

No user satisfaction is collected. The statistics are used mainly to service applications where for larger tasks, customer satisfaction is collected.

4.3 Data completeness rate

The statistics partly complies with the guidelines from: Eurostat – OECD Manual on Business Demography Statistics

The Danish statistics, however, differs in regard to the cut-off of 10 or more employees. Due to the experience that the higher cut-off is less suitable in a Danish context, the cut-off has been lowered to 5 or more employees in the start of the growth period. The cut-off is used so as to avoid the inclusion of small enterprises that may experience high relative, but small absolute growth.

5 Accuracy and reliability

There exist a certain uncertainty regarding the identification of real new enterprises in the statistics of business demography, which the statistics Gazelles is based on. If the Business Demography has identified new administrative units incorrectly in relation to whether they are really new, it can affect the start population for these statistics, and thus the companies that have the opportunity to become new high-growth companies.

5.1 Overall accuracy

The statistics are based on figures already in business demography statistics. If the Business Demography has identified new administrative units incorrectly in relation to whether they are really new, it can affect the start population for these statistics, and thus the companies that have the opportunity to become new high-growth companies.

5.2 Sampling error

Not relevant for this statistics.

5.3 Non-sampling error

The uncertainty associated with the statistics is related to the mechanical and manual processing of companies that are not really new to the business structure. This treatment is done in the statistics on business demography, but may have an influence on the input population for this statistic.

5.4 Quality management

Statistics Denmark follows the recommendations on organisation and management of quality given in the Code of Practice for European Statistics (CoP) and the implementation guidelines given in the Quality Assurance Framework of the European Statistical System (QAF). A Working Group on Quality and a central quality assurance function have been established to continuously carry through control of products and processes.

5.5 Quality assurance

Statistics Denmark follows the principles in the Code of Practice for European Statistics (CoP) and uses the Quality Assurance Framework of the European Statistical System (QAF) for the implementation of the principles. This involves continuous decentralized and central control of products and processes based on documentation following international standards. The central quality assurance function reports to the Working Group on Quality. Reports include suggestions for improvement that are assessed, decided and subsequently implemented.

5.6 Quality assessment

The uncertainty associated with the Business Demographic statistics is associated with the references between the entities which mainly comes from the Danish Tax Authorities Business System (WEB), and lack of knowledge of the transfer of activity from one company to another, including the separation of activity. Failure to do so can result in economic and employment data are not correctly linked to the individual units. The problem is being tackled by subjecting, especially the largest firms, to a manual control and error recovery. For businesses with employees, the knowledge on where the employees have been employed during the year. A large shift of employees can mean the transfer of activity to another unit.

More information is available in the Business demography documentation of statistics. Business Demography.

There are currently no calculations on uncertainty .

5.7 Data revision - policy

Statistics Denmark revises published figures in accordance with the Revision Policy for Statistics Denmark. The common procedures and principles of the Revision Policy are for some statistics supplemented by a specific revision practice.

5.8 Data revision practice

From the reference period 2013-2016, both preliminary and final figures are published. When the preliminary figures are published, data on units and their employment should be so good that no major changes are expected to the number of new high growth companies. There may be changes in the turnover, since new sources have come from the companies' accounts in the sources of the statistics.

6 Timeliness and punctuality

The statistics is available with final figures around 18 months after the end of the reference year. The statistics is published with preliminary data around 10 months after the end of the reference year.

The statistics has not previously been delayed.

6.1 Timeliness and time lag - final results

The statistics is published annually. The publication is usually available 18 months after the end of the reference year.

The statistics is published with preliminary data 12 months after the end of the reference year.

6.2 Punctuality

The statistics has not previously been delayed.

7 Comparability

The statistics can not be directly compared to the statistics of Gazelles published by Eurostat, see the paragraph '7.01 International sammenlignelighed' for further explanation. The statistics are based on the real new enterprises from the business demography statistics. There have not been changes in methods since the beginning of the series.

7.1 Comparability - geographical

The statistics can be compared with the statistics of Gazelles published annually by Eurostat, however, with few exceptions described below.

The definition of new high-growth companies partly follow the OECD and Eurostat definition, see "Eurostat OECD Manual on Business Demography Statistics, 2007 Edition", which defines new high-growth companies (Gazelles) as all new enterprises that are up to five years old, that has 10 or more employees at the start of the growing period and have an average annual growth of more than 72.8 per cent. (20 per cent. Per year) over a three year period.

The Danish statistics differ, however, on the point that the cut-off limit of 10 or more employees at the beginning of growth period is changed to 5 or more employees. This is done as it is estimated that a size-limit of 10 does not apply to a Danish Business structure. The limit of at least five employees are set to avoid small companies with high percentage growth, but with little absolute growth, are categorized as growth entrepreneur.

The Danish statistic uses the variable Full time equivalent (FTE) as the base for calculating growth and for the cut-off threshold. This stands in contrast to the Danish data delivered to and published by Eurostat where the variable Number of employees is used for calculating growth and for the cut-off threshold.

7.2 Comparability over time

The statistics has been published since the growth period 2004:2007 with the same methods.

With the publication of the High growth enterprises for the year 2018 the reference year 2017 was republished. This was due to quality-enhanced data processing, which resulted in an otherwise uncommon revision of Accounts Statistics for Non-Agricultural Private Sector, General enterprise statistics and the Business demography. Republishing High growth enterprises ensures that these are consistent. The revision carries only minor alterations to the reference year 2017.

7.3 Coherence - cross domain

The statistics Gazelles is based on the population of enterprise births published in the Business demography. Business Demography data are also published by Eurostat, including gazelles.

7.4 Coherence - internal

Not relevant

8 Accessibility and clarity

The data is published in NYT and is available in the StatBank.

8.1 Release calendar

The publication date appears in the release calendar. The date is confirmed in the weeks before.

8.3 User access

Statistics are always published at 8:00 a.m. at the day announced in the release calendar. No one outside of Statistics Denmark can access the statistics before they are published.

8.2 Release calendar access

The Release Calender can be accessed on our English website: Release Calender.

8.4 News release

NYT.

8.5 Publications

New high growth enterprises.

The statistics is published in News from statistics Denmark (Danish only).

8.6 On-line database

The statistics are published in the StatBank under the subjects in the following tables:

- VIV: New high growth enterprises by industry (DB07 10-grouping), variables and time
- FVIV: Preliminary new high growth enterprises by industry (DB07 10-grouping), variables and time

8.7 Micro-data access

Data is available on individual level. Researchers may be granted access to anonymised micro-data. Furthermore, specialized data sets and tables may be produced upon request.

8.8 Other

To order tailor-made specialized statistics please write to the person responsible.

8.9 Confidentiality - policy

Statistics Denmark confidentiality policy is followed.

8.10 Confidentiality - data treatment

In connection to publication and delivery of customized statistics, a so-called confidentiality test of data is made. The confidentiality test is made on the basis of two criteria:

1. The number criteria: If one data cell contains less than 3 observations (enterprises) employment and financial information can not be published
2. The dominance criteria: If one or two observations (enterprises) contained in one data cell, alone or together constitute a certain percentage of the total turnover of the cell, the turnover and other financial information for this group can not be published.

8.11 Documentation on methodology

Eurostat − OECD Manual on Business Demography Statistics

8.12 Quality documentation

Results from the quality evaluation of products and selected processes are available in detail for each statistics and in summary reports for the Working Group on Quality.

9 Contact

The administrative placement of these statistics is in the division of Business Dynamics, Business Statistics. The contact person is Kalle Emil Holst Hansen, tel.: + 45 2158 4887, and e-mail: KHS@dst.dk.