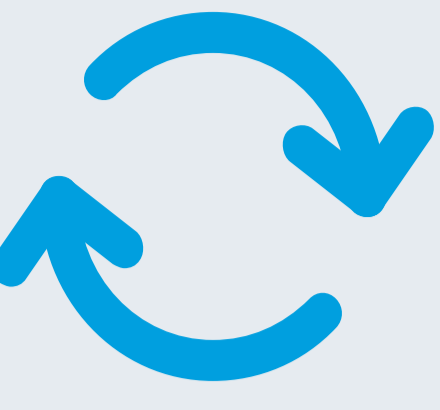


# Business Dynamism in NI:

Business births and deaths and implications for productivity



Business dynamism in its narrowest sense reflects the rate at which new firms enter the market and existing firms leave the market, increasing rates of dynamism are an indication of a healthy economy.



## Business births

↑ 10.3%

NI's business birth rate in 2021.

Increased from 7.8% in 2010, but the lowest birth rate of the UK constituent countries.

↑ 6,655

Number of business births in NI in 2021.

A 45% increase since 2010.

4 sectors had an above average birth rate in 2021.



Transport & Storage (24%)



Hospitality (13%)



Admin' & Support (12%)



Info & Comms (12%)

## Business deaths

↓ 8.0%

NI's business death rate in 2021.

Down from 8.8% in 2010, lowest death rate of the UK constituent countries.

= 5,200

Number of business deaths in NI in 2021.

Despite annual fluctuations, the number of deaths was the same in 2010.

5 sectors had an above average death rate in 2021.



Transport & Storage (20%)



Admin' & Support (13%)



Info & Comms (11%)



Professional Services (9%)

The combination of a **low business birth rate** & a **low business death rate** indicates that **NI's economy is less dynamic** in terms of **business churn** than other parts of the UK.

## Productivity

There is often little difference in the productivity levels of business births & deaths in both NI & the UK.

In a number of sectors the productivity levels of business deaths exceed that of births.

At the sectoral level, the highest business birth rates annually are typically in lower productivity sectors.

Transport & Storage had the highest business birth rate in 2021, but the lowest productivity level of business births.

Average productivity (turnover per employee) of births & deaths, 2021



Source: UUEPC analysis of ONS figures

UUEPC research suggests that of the individual components of business dynamism the birth rate has a stronger relationship with productivity, although overall the correlation is weak.

NI needs to refocus on facilitating more highly productive firm entrants to boost overall economic performance.

Access the full report: <https://www.ulster.ac.uk/epc/publications>