

## Chapter 2

# The Impact of Being a Border Region in Business Demography: An Analysis in the European Union

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### **ABSTRACT**

*The promotion of the entrepreneurship has been a challenge in recent years because it is recognised that entrepreneurial activity enhances economic growth. Border regions, because of the possibility of increasing cooperation between economic agents, gained a special status. Still, some of those cross-border regions continue to grow slower than other regions. Authors analyse business dynamics and entrepreneurial activities at a regional basis for the EU. Considering data availability, authors analyse 13 different countries. Indicators under analysis are birth rates, death rates, business churn, and survival rate. This chapter identifies and analyses the existence of significant differences between regions located alongside border areas, and analyses if there exist differences depending on the countries of those regions.*  
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## ***The Impact of Being a Border Region in Business Demography***

*To compare business demographic indicators, parametric tests will be used. The results are analysed considering the potential differences between cross-border and non-cross-border regions.*

## **INTRODUCTION**

The promotion of the entrepreneurship has been a challenge in the last years all over the world, once it is considered as a source of economic growth, employment creation, and also productivity growth (OECD, 2017). This is a concern all over the world and also in the European Union. Although, the levels of entrepreneurship, which could be evaluated using Eurostat business demographic indicators, are not equal between the different countries and even inside the countries, they are different between regions. Border regions, because of the possibility of increasing cooperation between economic agents, gained a special status, but despite of their dynamism some of those cross-border regions remain growing slower than other regions. So, it is important to evaluate the levels of dynamism of regions and understand if exist any different pattern of business dynamics in cross-border and non-cross-border regions.

Considering this, we propose to analyse business dynamics and entrepreneurial activities at a regional basis, for the European Union. Considering data availability, we will analyse 14 different countries, namely Bulgaria, the Czech Republic, Estonia, Spain, France, Croatia, Italy, Lithuania, Hungary, Austria, Portugal, Romania, Slovakia and Finland. The indicators under analysis are birth rates (the percentage of new firms in a given year), death rates (the percentage of closed firms), business churn (the sum of both previous rates, which could be understood as total dynamics in firms), and survival rate (percentage of firms born 3 years before that continue to be opened).

The objective is to identify and analyze the existence of significant differences between regions located alongside border areas, analysing also if there exist differences depending on the countries of those regions. To make the comparison between the business demographic indicators, and considering the existence of a high number of observations, it will be used parametric tests. The results are analyzed considering the potential differences between cross-border and non-cross-border regions but also depending on the type of border (if those borders are only with EU regions, if share border with EU but also with other countries, if the frontiers are just with other countries or if regions have no frontier).

Our main results show that death rates are not significantly different depending on the regions (meaning probably that some causes for the death of rates are not different in the regions). Business churn shows some difference across regions although not possible to identify clearly in which regions are those differences. Birth rates and

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