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IOANA MARIA BUCERZAN (MARRIED PRECUP)

Bucharest University of Economic Studies, Bucharest, Romania, România

BUSINESS DYNAMICS IN THE EUROPEAN UNION AND MACROECONOMIC DETERMINANTS OF BUSINESS FAILURE

Abstract:

Entrepreneurial activity represents a great asset for the European Union economy, and encouraging entrepreneurship poses a great challenge in the context of the recent economic crisis. Considering this and the Europe 2020 strategy, entrepreneurship plays an important role for economic recovery, as it is considered to generate jobs, economic growth and progress. In this context, the aim of this paper is to explore the business dynamics in the European Union over a 5 year period from 2008 to 2012, first by trying to identify, from the perspective of business demography indicators, if disparities are evidenced among EU member states, and secondly, by conducting panel data analysis, to identify the extent to which macroeconomic determinants have an influence on business dynamics in the European Union, in particular on the death rate of enterprises. The results show that there are considerable variations in business dynamics within EU member states and that the macroeconomic environment has an important role in shaping entrepreneurial activity and achieving economic recovery.

Keywords:

business dynamics, business demography, business failure

JEL Classification: M21, C19

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