Nordic Innovation

Grow and Go? Retaining scale-ups in the Nordic countries

Report highlights

About this report

Scale-ups are firms with 10 or more employees and at least EUR 2 million in turnover that grow by more than 70% over three years in employment, turnover or both. They are central for job creation and economic growth.

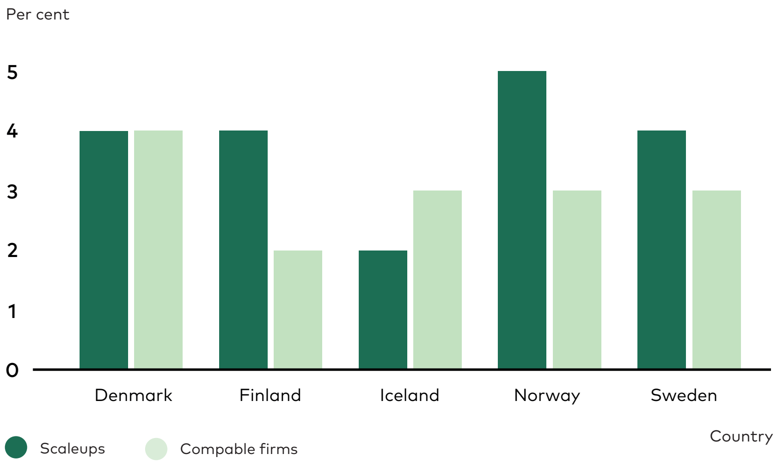
This is a short summary of a report that aims to investigate how scale-ups and their employees are affected by:

1. **Relocations:** the headquarter moves to a new region
2. **Expansions:** the firm opens an establishment in a new region
3. **Foreign acquisitions:** the ultimate country of ownership changes from domestic to foreign.

95% or more of scale-ups maintain their headquarter in the same region over a 7-year period.

The 50 fastest growing scale-ups are up to 3 times more likely to relocate than the average scale-ups.

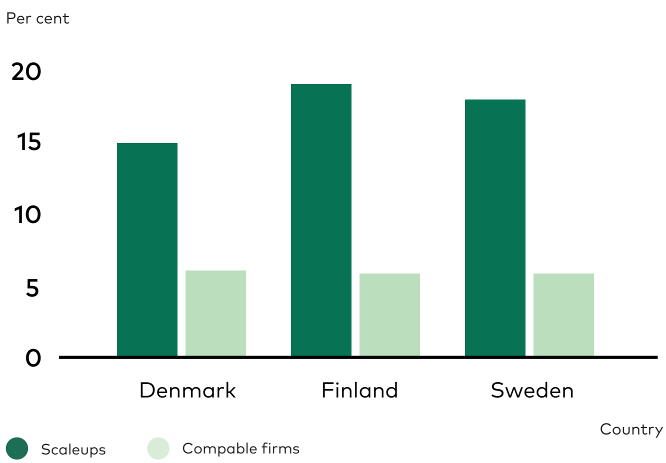
Share of firms that relocated to a different TL2 region at least once, 2014-20



15-19% of scale-ups open a new establishment in another region.

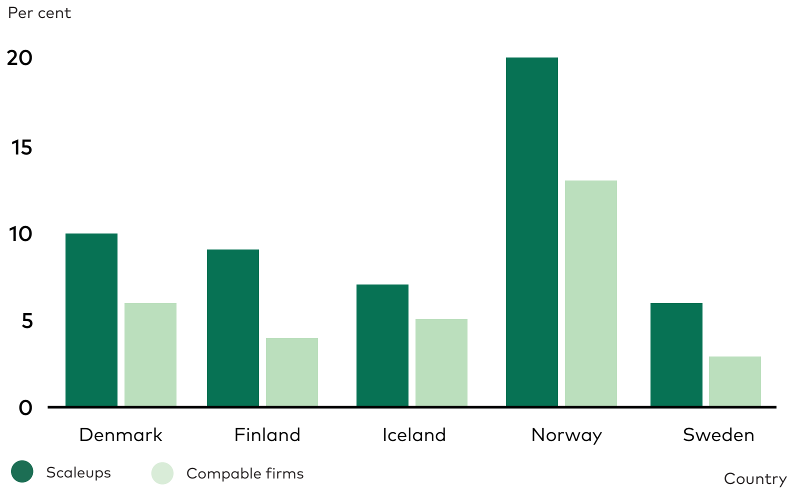
Scale-ups are about 3 times as likely to open establishments in new regions than comparable firms.

Share of firms that opened establishment(s) in a new TL2 region at least once, 2014-20



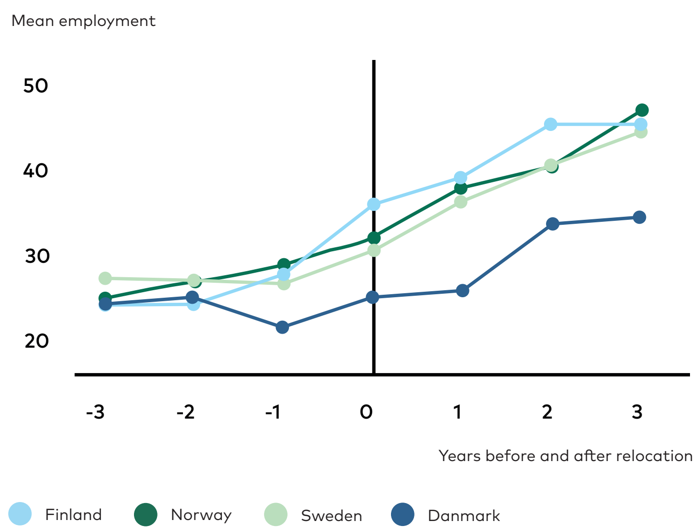
Up to 20% of scale-ups are acquired by foreign investors over a 7-year period.

On average scale-ups continue growing after a foreign acquisition and do not terminate (domestic) operations.



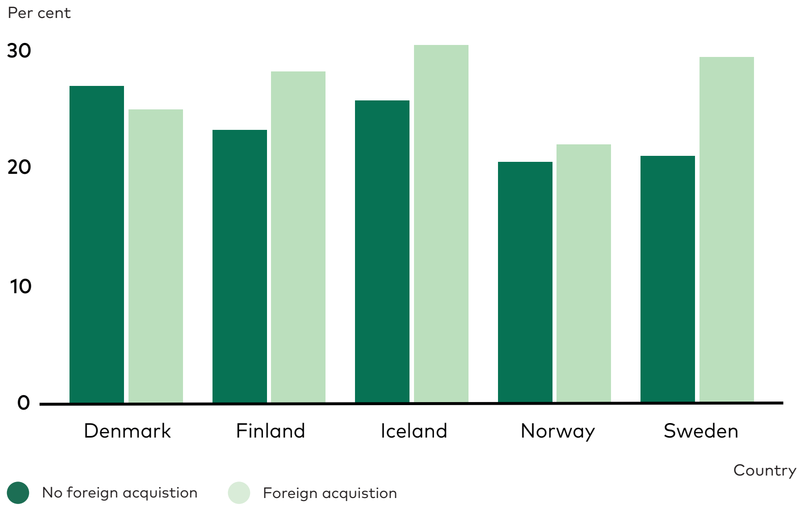
Percentage of firms that experienced foreign acquisition at least once, 2014-20

Scale-ups that relocate or expand continue growing in the new locations.



Trends in mean employment before and after relocating; scale-ups, 2014-20

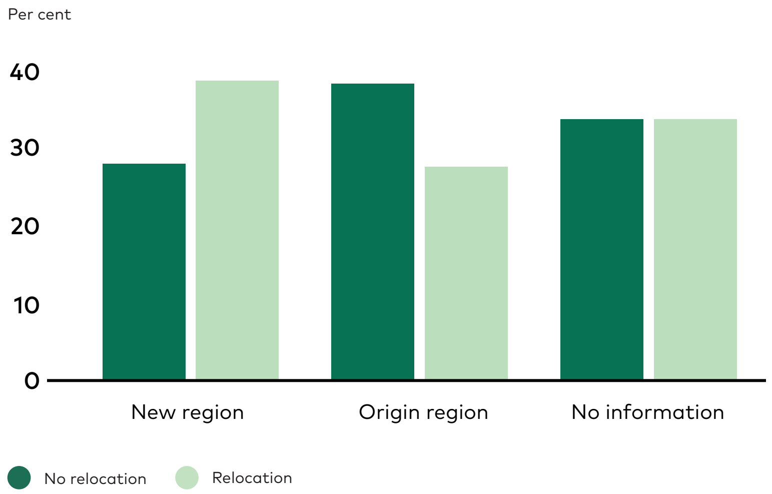
Worker separation rates are 2-9 percentage points higher during foreign acquisitions.



Share of workers who leave a scale-up; 2012-19

Workers leave to other regions during relocations and expansions.

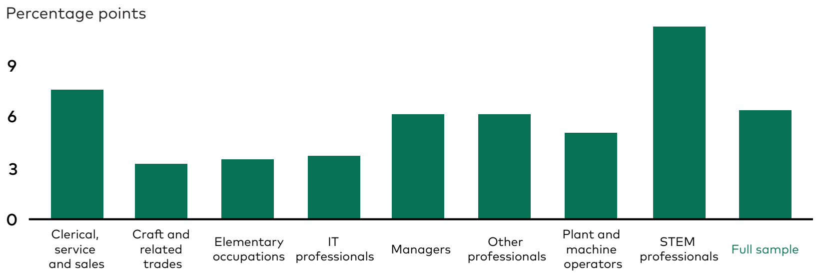
Workers are up to 10 percentage points more likely to leave a scale-up during a relocation than in other periods.



Share of separations by destination location in all separations; scale-ups, Denmark, 2012-19

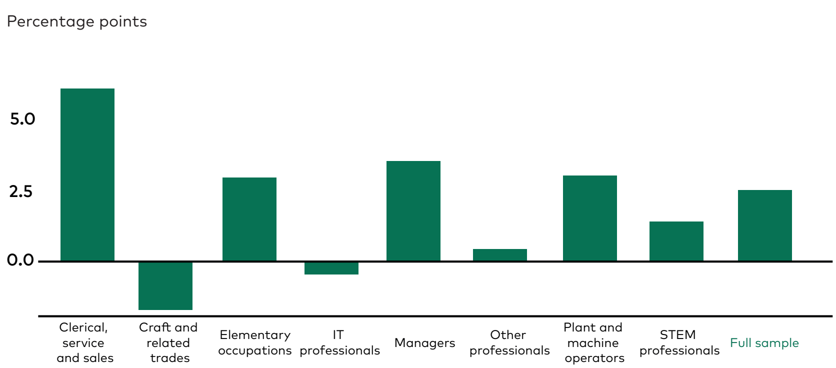
All types of workers are more likely to leave a scale-up as it relocates.

In Denmark, STEM professionals are more likely than other workers to leave during a relocation.



Differences in separation rates by occupation during a relocation and in other periods; Danish scale-ups, 2012-19

In Norway, workers in middle- and low-skilled occupations are more likely to leave during a relocation.



Differences in separation rates by occupation during a relocation compared to other periods; Norwegian scale-ups, 2015-19

Key Findings

Relocations and expansions increase proximity to customers and skills.

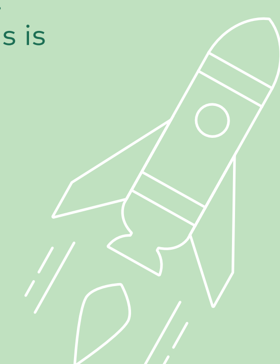
- Expansions and relocations are most frequent in tradable and non-tradable service sectors.
- Scale-ups tend to relocate near the capital city region.
- Scale-ups tend to relocate to similar types of regions (urban-urban or rural-rural).

Scale-ups that relocate or expand continue to grow in the new location

- Scale-ups' employment levels are, on average, 27%-48% higher 3 years after relocation.
- Expansions take place during a period of rapid growth in both employment and turnover.
- The fastest-growing scale-ups are more likely to relocate and expand.

Workers leave at higher rate after relocations and expansions

- 24% of workers leave a scale-up each year.
- Up to 10 percentage points more during relocation (or up to 5 percentage points during expansion).
- The difference is driven by workers joining other companies and moving to new regions.
- The increase in the share of separations is larger for more educated workers and high-skill occupations.



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Want to read more?

To read the full report, scan the QR-code or go to www.oecd.org/cfe/smes/sme-scale-up.htm

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