BIRTH, DEATH & GROWTH OF KNOWLEDGE INTENSIVE CAMBRIDGE BUSINESSES

Cambridge KI sectors display persistent and robust growth

Cambridge has high birth and death rates of companies in its KI sectors

The net effect is a strong and persistent increase in both company numbers and employment.

There has been significant growth in the knowledge economy in Cambridge over the past four years. The exhibit below shows the number of companies operating in KI sectors grew from 3,474 to 4,359. The exhibit also shows continued dominance of the ICT sector in terms of company numbers, births and deaths.

The exhibit below examines changes in the stock of companies in KI sectors. It shows that companies in life sciences were more likely to survive, 92% did so, whilst only 77% of ICT companies in 2010/11 survived to 2014/15. The birth rates were highest in the ICT and KIS sectors – running at about 14%pa. Deaths were significantly higher in the ICT sector. The net effect of births and deaths led to larger percentage increases in company numbers in KIS and life sciences than in ICT.

The exhibit below examines employment changes over the past four years. The employment changes of continuing companies and births are shown above the horizontal axis and deaths below. The higher births and deaths of companies in ICT are reflected also in employment change with a net increase of about 6,000 employees. By comparison, life sciences had a net increase of 2,351, high-tech manufacturing had 3,205 and KIS had 1,235.
The year by year picture for births, deaths and survival is shown in the exhibits below for both company numbers and employment.

Exhibit 4.3 Cambridge Knowledge Intensive companies - changes in the number of companies through births, deaths and growth of continuing companies 2010/11 to 2014/15

Exhibit 4.4 Cambridge Knowledge Intensive companies - changes in the number of companies through births, deaths and growth of continuing companies 10/11 to 14/15
Both exhibits reveal robust and persistent growth.

Note on methodology

Deaths include companies in receivership, liquidation or default. In order to avoid double-counting, the CBR Database does not include parents and their subsidiaries. Births will include cases where there is not a wholly new start-up. For example, births will include cases where a company (often a foreign company) sets up a subsidiary business in the Cambridge area. There may also be cases where a company restructures and forms a new company registration without changing its activities. Such cases have in general been treated as continuing companies, but some may have missed the net and will show up as a birth and a death. The changes in employment each year due to births, deaths and the employment changes of continuing companies are aggregated over four years. These are displayed in Exhibit 4.1. For more information see http://www.cambridgeahead.co.uk/wp-content/uploads/2016/02/CBR-Database-Methodology-Feb-2016.pdf

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