



BUSINESS DEMOGRAPHY BY 31st OF DECEMBER 2013

Introduction

Similar to statistics of human population, business demography describes the life cycle of the enterprises; their birth, survival and development until death. More specifically business demography supplies data on number of active enterprises, number of newborn enterprises, share of survived enterprises and data on changes in employment figures at specific moment in time.

Until 2008 data for business demography of enterprises in EU were collected on European level voluntarily bounded by gentlemen's agreement. Bulgaria has taken part in the harmonized data collection for business demography since 2006 which includes the development of enterprises born in 2003 and in 2004. In 2010 for the first time the statistics are calculated using the new classification of economic activities NACE Rev.2.

The creation of EP and Council Regulation (295/2008 of 11 of March, 2008) concerning the structural business statistics was the legal foundation and the general framework for collecting, preparation, presentation and evaluation of harmonized statistical data for business demography in EU.

This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2013 and follows their dynamics for the 5 year study period.



General Review of the Active Enterprises and Employment

The study includes enterprises classified in selected by Eurostat sectors¹ of the classification of economic activities NACE Rev.2 with the exception of group 64.2 or activity of holding companies. In 2013 there were 327 503 active enterprises which are almost with 1.2% more than the previous 2012.

Figure 1. Active Enterprises by Size



The active enterprises with zero employees (Figure 1) represent the largest share of the population of all active enterprises during the 2009 - 2013 period. In 2013 their number is 146 975 which are 44.9% of all active enterprises. There are 130 278 enterprises in the next '1 - 4 employees' group which is 39.8% of the total number for 2013. The enterprises in the '5 - 9 employees' group represent the smallest share of all. On average for the whole period, this share is about 7.7%, while in the '10 or more employees' group on average for the five year period this share is 8.4% of the active enterprises.

The number of persons employed in '10 or more employees' group represents 69.8% of all employees for the 2009 - 2013 period while the share of the enterprises in this group is hardly 8.4% of all active enterprises. And, reversely - just 6.4% of the total number of employees in the country corresponds to the

¹

- B - Mining and quarrying
- C - Manufacturing
- D - Electricity, gas, steam and air conditioning supply
- E - Water supply; sewerage, waste management and remediation activities
- F - Construction
- G - Wholesale and retail trade; repair of motor vehicles and motorcycles
- H - Transportation and storage
- I - Accommodation and food service activities
- J - Information and communication
- K - Financial and insurance activities
- L - Real estate activities
- M - Professional, scientific and technical activities
- N - Administrative and support service activities



large number of active enterprises in the zero employees group which is 44.6% of the total number of enterprises (Figure 2).

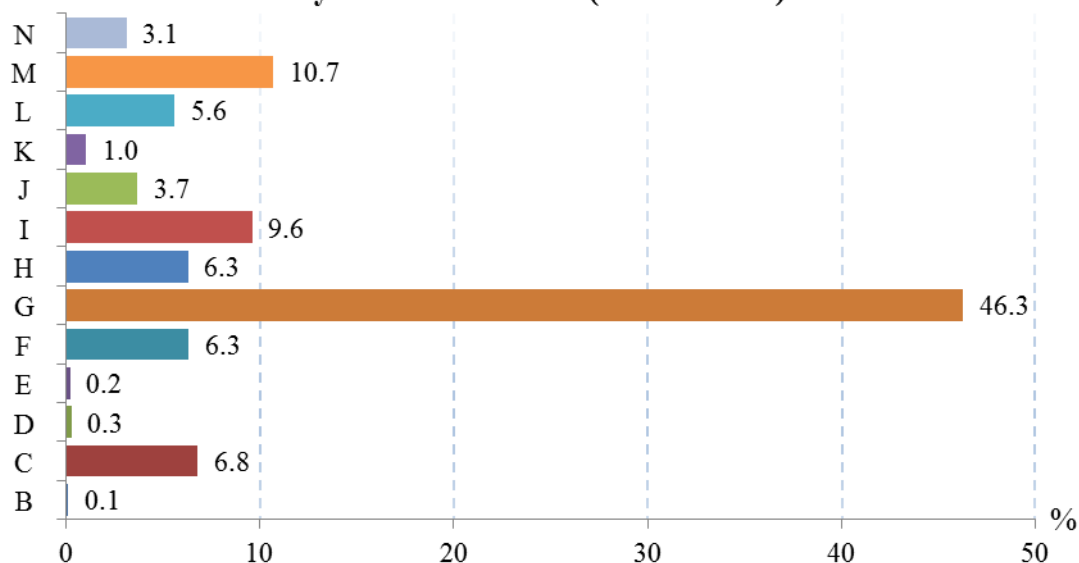
Figure 2. Employed Persons in Active Enterprises by Size



Newborn Enterprises

Almost 12.0% of the total numbers of enterprises in the selected economic sectors are newborn in 2013. For the last five years the annual average percent for newborn enterprises was around 13.0% of the number of active enterprises during this period.

Figure 3. Structure of Enterprises Born in 2013 by Economic Sectors (NACE Rev.2)



For the 2009 - 2013 period the highest share of newborn enterprises is in sector G - 'Wholesale and retail trade; repair of motor vehicles and motorcycles' with an average of 44.7% for the five year period. At the same time the smallest share of newborn enterprises is in sector B - 'Mining and quarrying' with less than



0.1% on average for the whole period. This tendency remains intact in 2013 as well (Figure 3). As a whole the structure of the newborn enterprises by economic sectors remains stable for the five year period.

For the 2009 - 2013 period the number of newborn enterprises that did not hire employees is the highest (Figure 4). In the 'zero employees' group in 2013 there are 24 937 newborn enterprises followed by the '1 - 4 employees' group with 12 589 enterprises. In the same year the newborn enterprises with 10 or more employees are only 559.

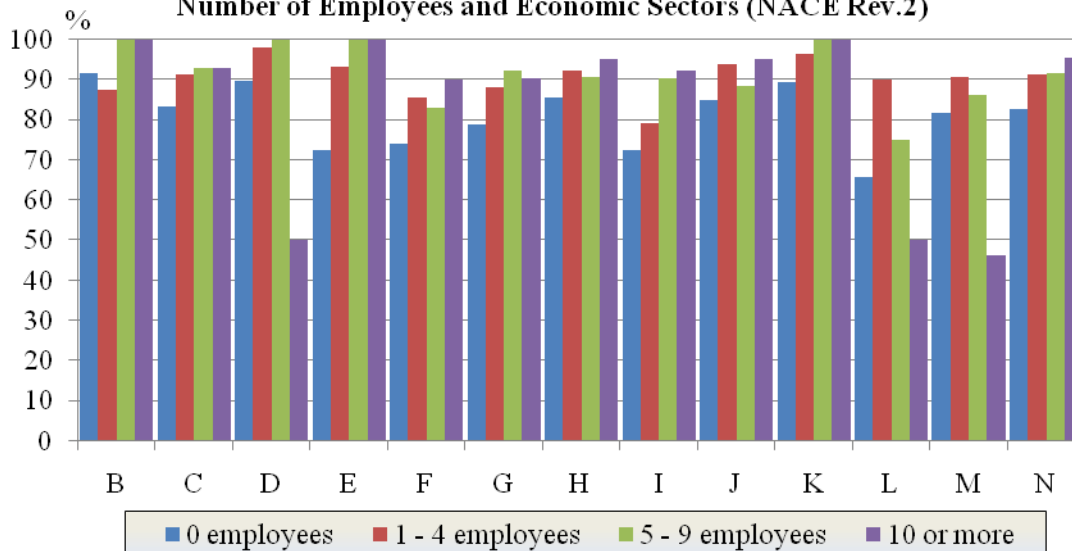
Figure 4. Structure of Enterprises Born in 2013 by Number of Employees



Alive Enterprises

Almost 82% of the enterprises born in 2012 are still surviving and functioning one year later with 90% of the '10 or more employees' group still surviving (Figure 5).

Figure 5. Proportion of Enterprises Born in 2012 and Alive in 2013 by Number of Employees and Economic Sectors (NACE Rev.2)

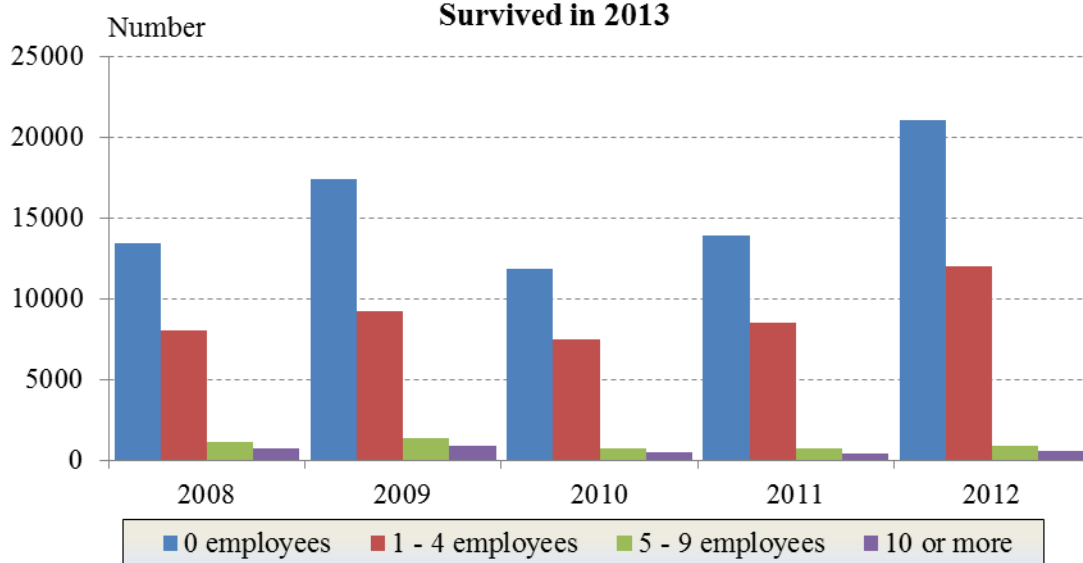




In 2012 the newborn enterprises are 42 136 with 34 517 of them successfully surviving in 2013. The highest share of 91.9% of surviving enterprises is in sector K - 'Financial and insurance activities', and the lowest share of 68.2% in sector L - 'Real estate activities'.

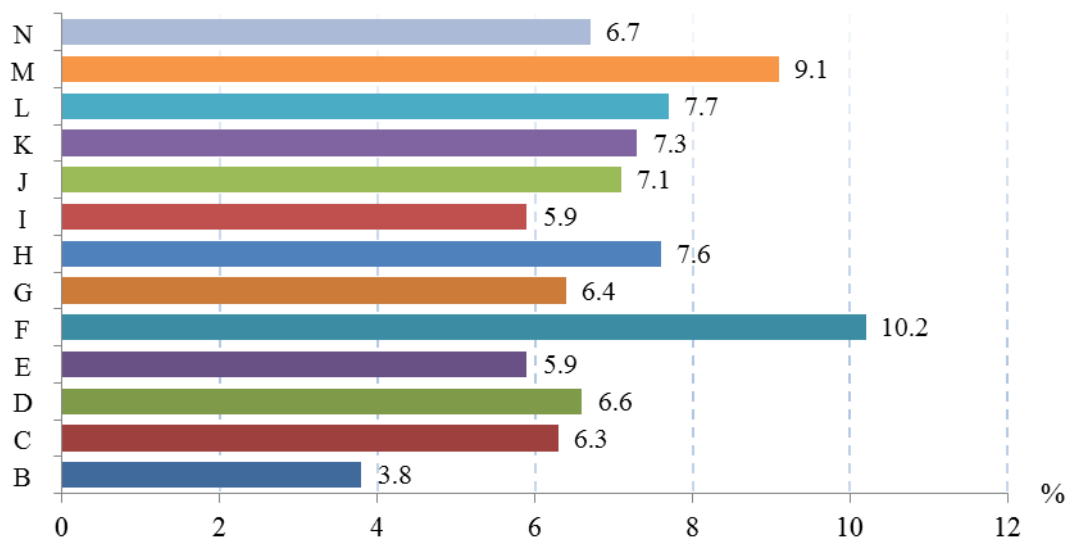
By moving away from the year of birth, the most resistant enterprises are from the groups '5 - 9 employees' and '10 or more employees', as the number of surviving enterprises tendency for decreasing is too slight pronounced (Figure 6).

Figure 6. Enterprises Born During 2008 - 2012 and Survived in 2013



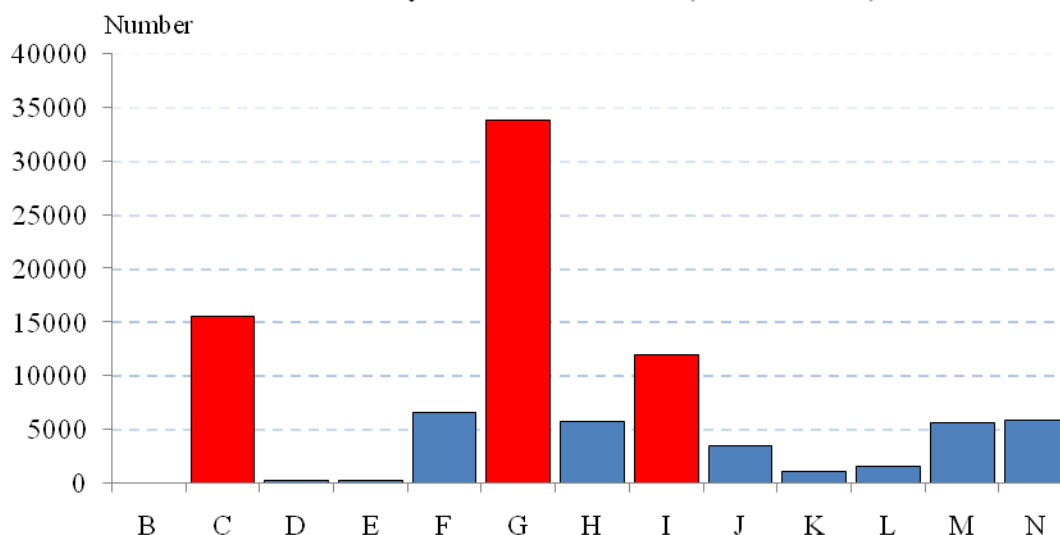
In 2013 the share of enterprises born in 2008 and still active five years later is almost 7.2%. The most viable are the enterprises from sector F - 'Construction' where the share of enterprises successfully surviving the five year period is 10.2%. At the opposite side are the enterprises from sector B - 'Mining and quarrying' with 3.8% surviving enterprises (Figure 7).

Figure 7. Proportion of Enterprises Born in 2008 of the Active Enterprises in 2013 by Economic Sectors (NACE Rev.2)



The total number of persons employed in enterprises born in 2012 and still surviving in 2013 concerned thirteen sectors of NACE Rev.2 is 92 422. Above 66% of the employed people are concentrated in the following three sectors: G - ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ - 36.6%; C - ‘Manufacturing’ - 16.8% and I - ‘Accommodation and food service activities’ - 13.0% (Figure 8).

Figure 8. Employed Persons in Enterprises Born in 2012 and Alive in 2013 by Economic Sectors (NACE Rev.2)



The biggest number of persons employed worked in 2013 in ‘1 - 4 employees’ group namely 35 586 people or 39%. The rest of employed people are distributed as follows: 31% in zero employees group; 21% in enterprises with ‘10 and more employees’ and 10% in ‘5 - 9 employees’ group.

Dead Enterprises

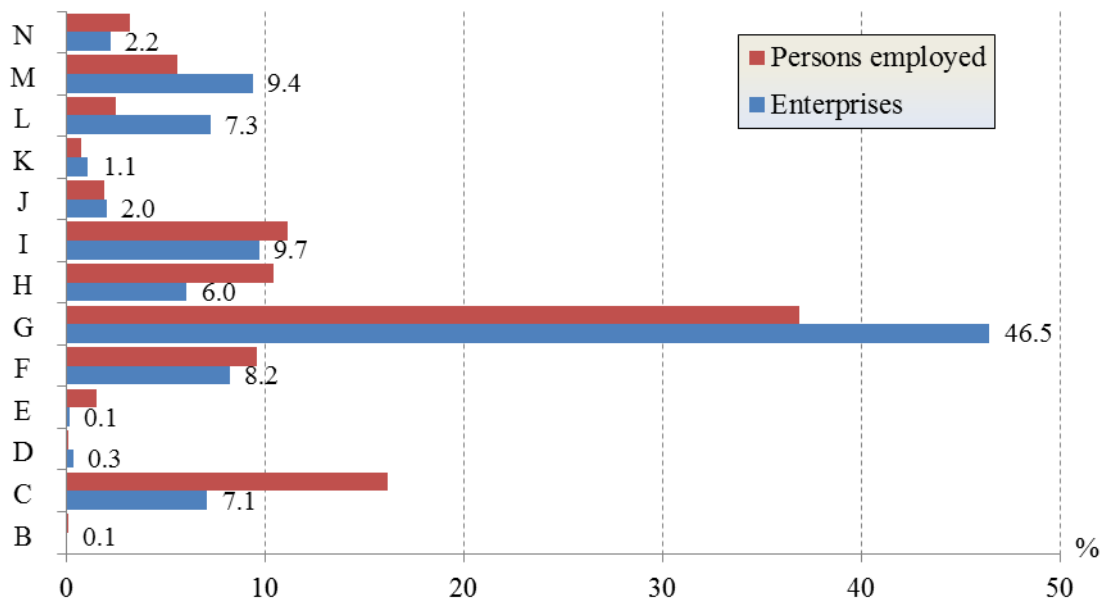
Data on dead enterprises in 2012 are preliminary due to the specific methodology and definition. In 2012 the number of dead enterprises is 38 749 or 12.0% of the total number of active enterprises during the year. As result of their death more than 3.5% of the employees lost their jobs during the year.

In 2012, 46.5% of dead enterprises, or 18 007 were classified in sector G - ‘Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods’.

The most viable were the enterprises in the following sectors: B - ‘Mining and quarrying’ and D - ‘Electricity, gas, steam and air conditioning supply’ (Figure 9).



Figure 9. Structure of the Dead Enterprises in 2012 and of Employed Persons by Economic Sectors (NACE Rev.2)

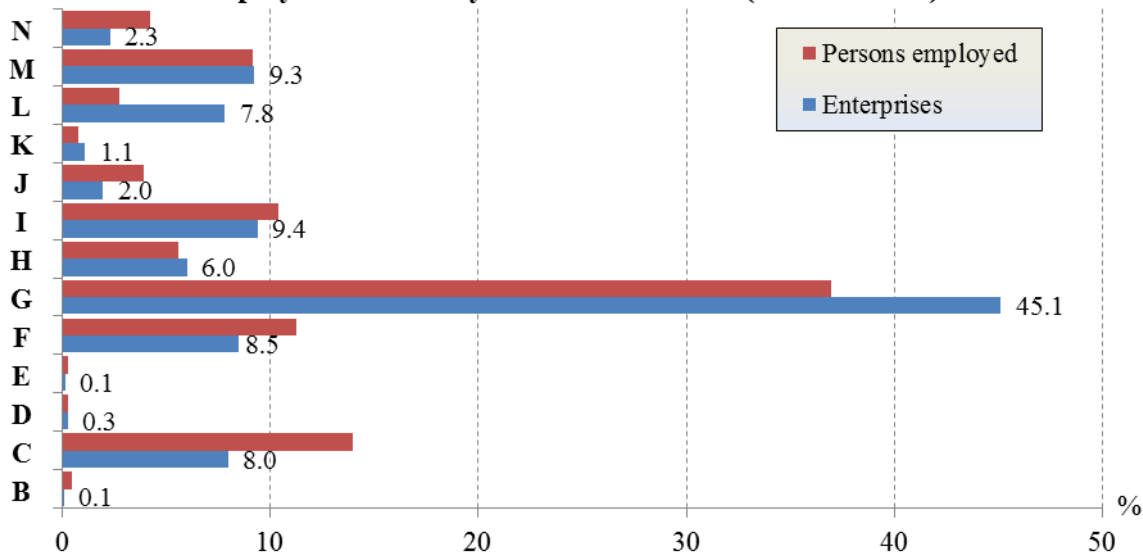


Final data indicate that the number of dead enterprises in 2011 amounted to 39 183, or 12.2% of the total number of active enterprises during the year. As result of their death more than 3.5% of the employees lost their jobs during the year.

In 2011 almost half the dead enterprises, or 17 681 were classified in sector G - ‘Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods’.

The most viable were the enterprises in the following sectors: B - ‘Mining and quarrying’, D - ‘Electricity, gas, steam and air conditioning supply’, E - ‘Water supply; sewerage, waste management and remediation activities’, and K - ‘Financial and insurance activities excluding activities of holding companies’ (Figure 10).

Figure 10. Structure of the Dead Enterprises in 2011 and of Employed Persons by Economic Sectors (NACE Rev.2)





Methodological notes

Study Objective

The study targets statistical units of the type ‘**enterprise**’ defined by Council Regulation 696/93 of March 15, 1993. The enterprise is described as ‘... *an enterprise is the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources ...*’.

Study Goal

The main goal of the study is focused on business demography and the evaluation of the number of active enterprises and the number of employees. This study provides very important information on the enterprises’ length of life by type and size, number and type of dead enterprises, rate of growth of the enterprises, and annual survival coefficients. These data complement the structural business statistics and form the foundation for weighting and computing other statistics for the enterprises.

Criteria for Inclusion in the Study

Business demography data are based on data from the Business register maintained by the Bulgarian NSI. The Register includes all active enterprises on the territory of the Republic of Bulgaria. There were no limitations for inclusion in the study, including no limitations for the number of employees or turnover. The demographic data in the study are based solely on enterprises which were registered and active at least in one year of the study period.

Classifications Used in the Study

- Classification of Economic Activities (NACE Rev.2)

- B Mining and quarrying
- C Manufacturing
- D Electricity, gas, steam and air conditioning supply
- E Water supply; sewerage, waste management and remediation activities
- F Construction
- G Wholesale and retail trade; repair of motor vehicles and motorcycles
- H Transportation and storage
- I Accommodation and food service activities
- J Information and communication
- K Financial and insurance activities excluding activities of holding companies (NACE Rev.2 642)
- L Real estate activities
- M Professional, scientific and technical activities
- N Administrative and support service activities

- Employee size class

- 1 - 0
- 2 - 1 to 4
- 3 - 5 to 9
- 4 - 10 or more