BUSINESS DEMOGRAPHY FOR 2023

Introduction

Similar to statistics of the human population, business demography describes the life cycle of enterprises - their birth, survival and development until death. More specifically, business demography supplies data on active enterprises, newborn enterprises, the proportion of survived enterprises, dead enterprises and data on changes in employment figures.

The National Statistical Institute has taken part in the harmonized statistical research of the European Commission on business demography for 16 years. All indicators are calculated according to the classification of economic activities NACE Rev. 2 since 2010.

Regulation (EU) 2019/2152 of European parliament and of the council of 27 November 2019 on European business statistics and Implementing Regulation No. 2020/1197 of the EC establishes the common framework for collection, coverage, production, provision and evaluation of harmonized statistics for all areas of business statistics, including the demography of EU enterprises.

The regulation expands the scope of the 13 sections from B to N (NACE Rev.2[1]) observed until now, adding sections P - 'Education', Q - 'Human health and social work activities', R - 'Arts, entertainment and recreation' and S - 'Other service activities', from the same classification.
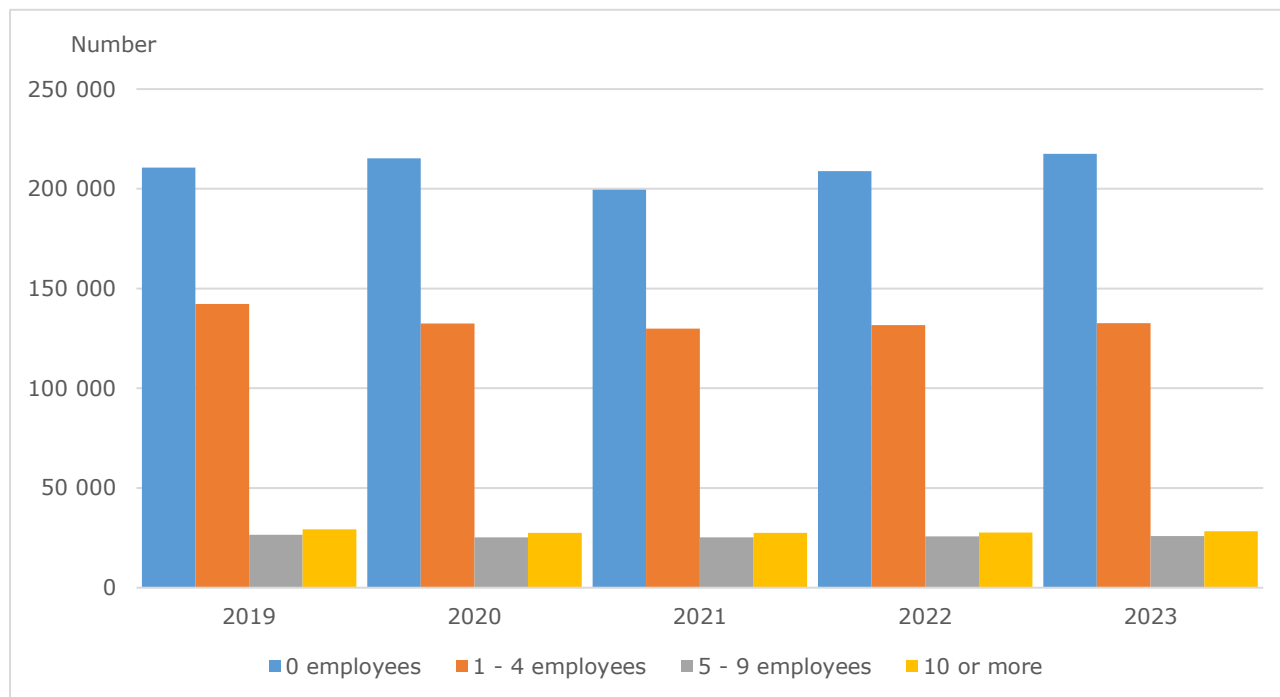
This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2023 and follows their dynamics for a five-year period (2019 - 2023).

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[1] https://www.nsi.bg/sites/default/files/files/publications/KID-2008.pdf

General review of the active enterprises and employment

In 2023, the number of active enterprises in Bulgaria is 404 257, which is 2.6% more compared to the previous year 2022.[2]

Figure 1. Active enterprises by number of employees

During the period 2019–2023, active enterprises with zero employees[3] (Figure 1) represented the largest proportion of all active enterprises. In 2023, this share was 53.8% of all active enterprises, followed by the '1 - 4 employees' group with 32.8%, and the lowest share of enterprises was in the '5 - 9 employees' group - 6.4%.
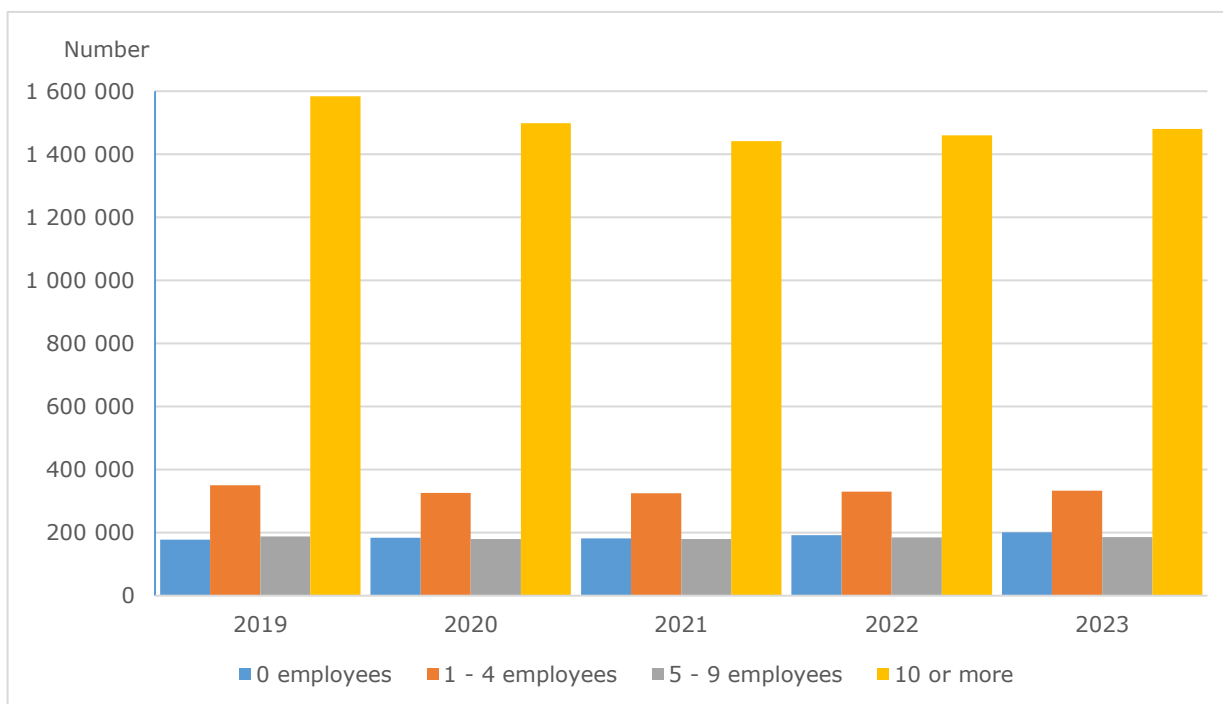
The employed persons[4] in the group '10 and more employed persons' constituted 68.0% of the total number of employed persons in the period (2019 - 2023), while the share of enterprises in this group was only 7.1% of all active enterprises. At the same time, the largest number of active enterprises in the '0 employees' group formed only 8.5% of the total number of employed people in the country (Figure. 2).

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[2] Number of enterprises classified in sections B to S of NACE Rev.2 excluding division 94 (Activities of membership organisations).
[3] Employees are those who work for an employer on the basis of an employment contract and receive compensation in the form of wages, salaries, fees or remuneration in kind.
[4] Persons employed in an enterprise include all persons employed as well as working owners.
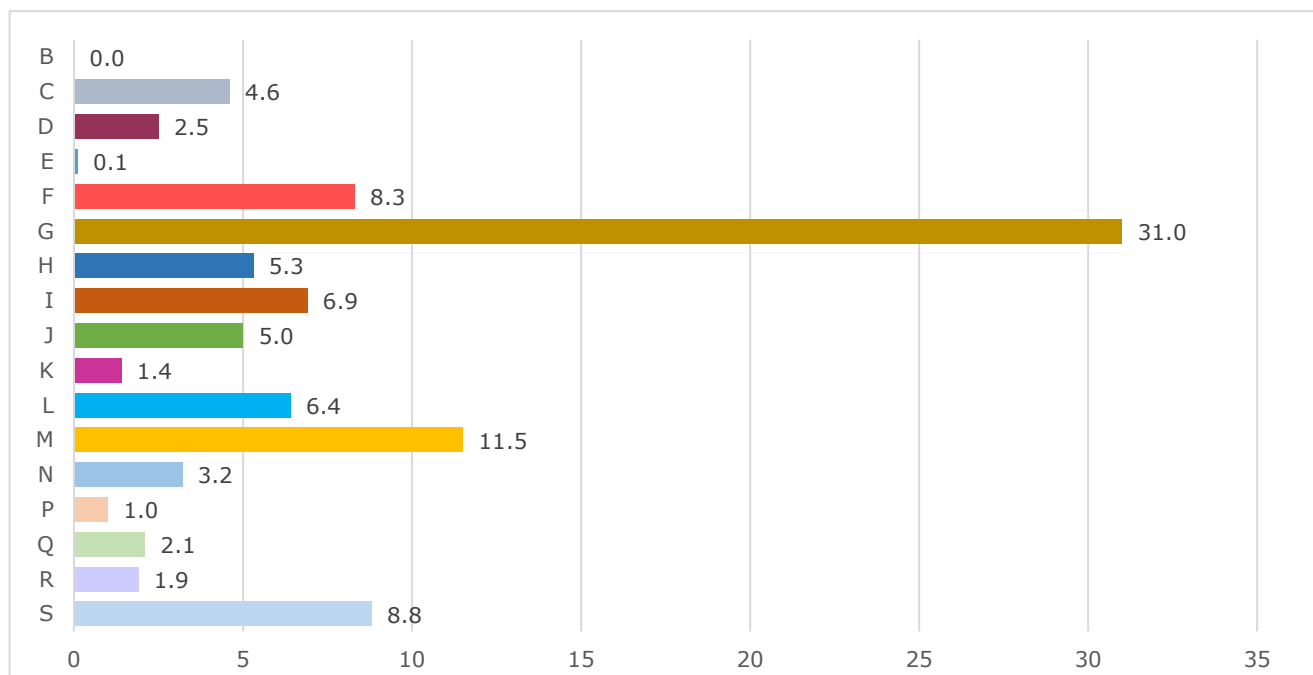
Figure 2. Employed in active enterprises by number of employees

Newborn enterprises

The newly born enterprises for 2023 in the selected economic sectors were 43 353, or 10.7% of the total number of enterprises. For the last five years, the annual average percentage of newborn enterprises was 10.2% of the active enterprises during this period. The structure of newborn enterprises by economic sector remained relatively stable over the past five years, and this tendency remained intact in 2023 as well (Figure 3). With the highest relative share were the newly born enterprises in sector G – 'Trade; repair of cars and motorcycles' - 32.6%, and with the lowest - the newly born enterprises in sector B – 'Extractive industry' - below 0.1%.
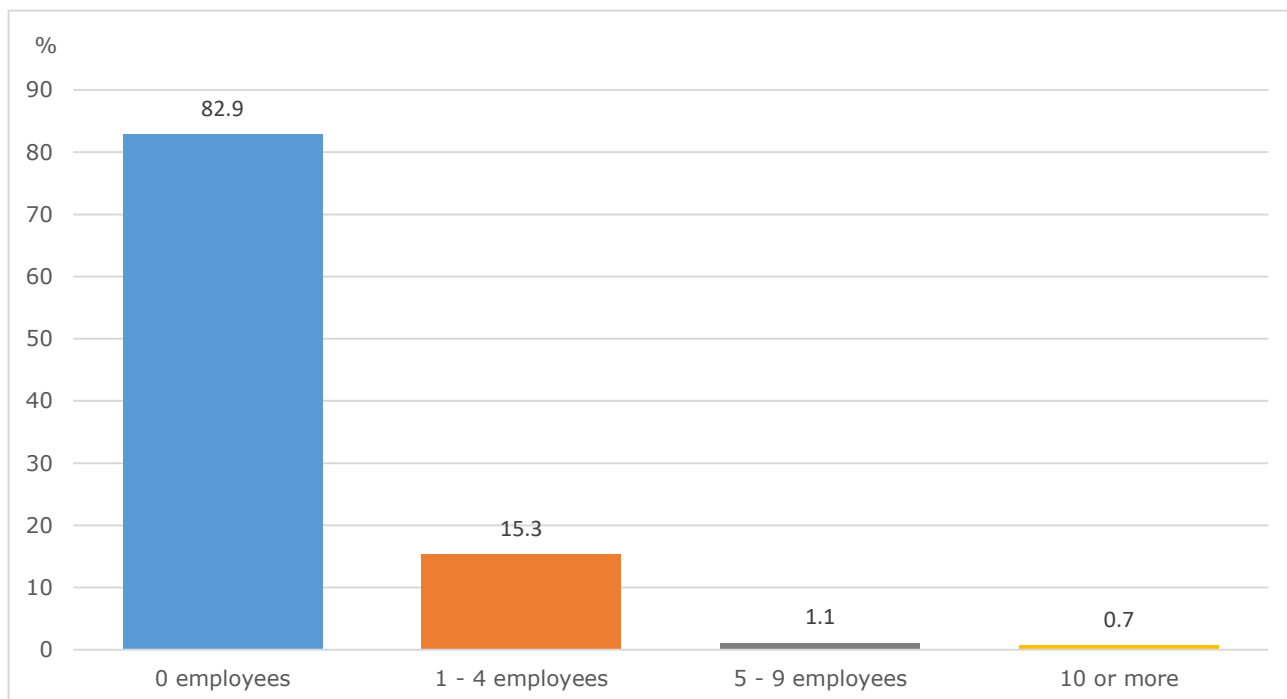
Figure 3. Structure of the enterprises born in 2023 by economic sectors

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
P	EDUCATION
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
R	ARTS, ENTERTAINMENT AND RECREATION
S	OTHER SERVICE ACTIVITIES

During the observed period (2019 - 2023), the largest number of newborn enterprises had no employees (Figure 4). In 2023, 35 953 newly born enterprises fell into the '0 employees' group, followed by the '1–4 employees' group with 6 614 enterprises. The group with 10 or more employees included just 290 enterprises.

Figure 4. Structure of enterprises born in 2023 by number of employees
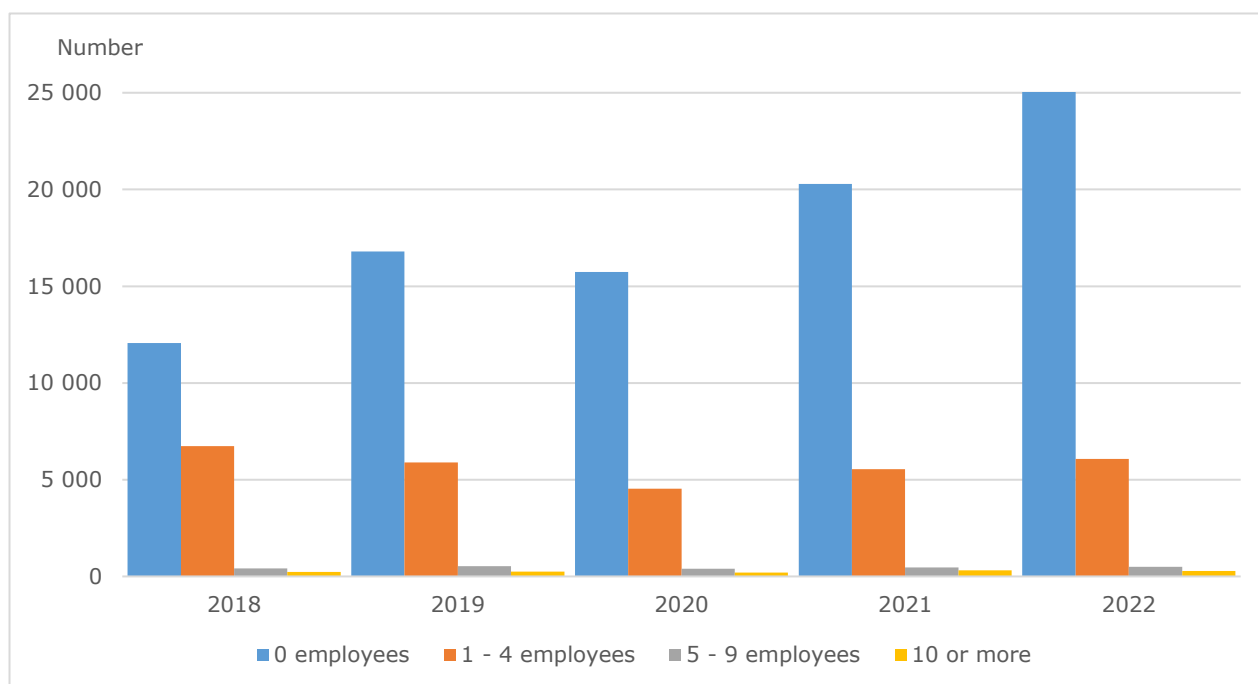

Survived Enterprises

A total of 32 154 enterprises successfully survived in 2023, representing 81.5% of all newly born enterprises in 2022. The highest relative share—90.3%—was observed in the group with '1- 4 employees'.
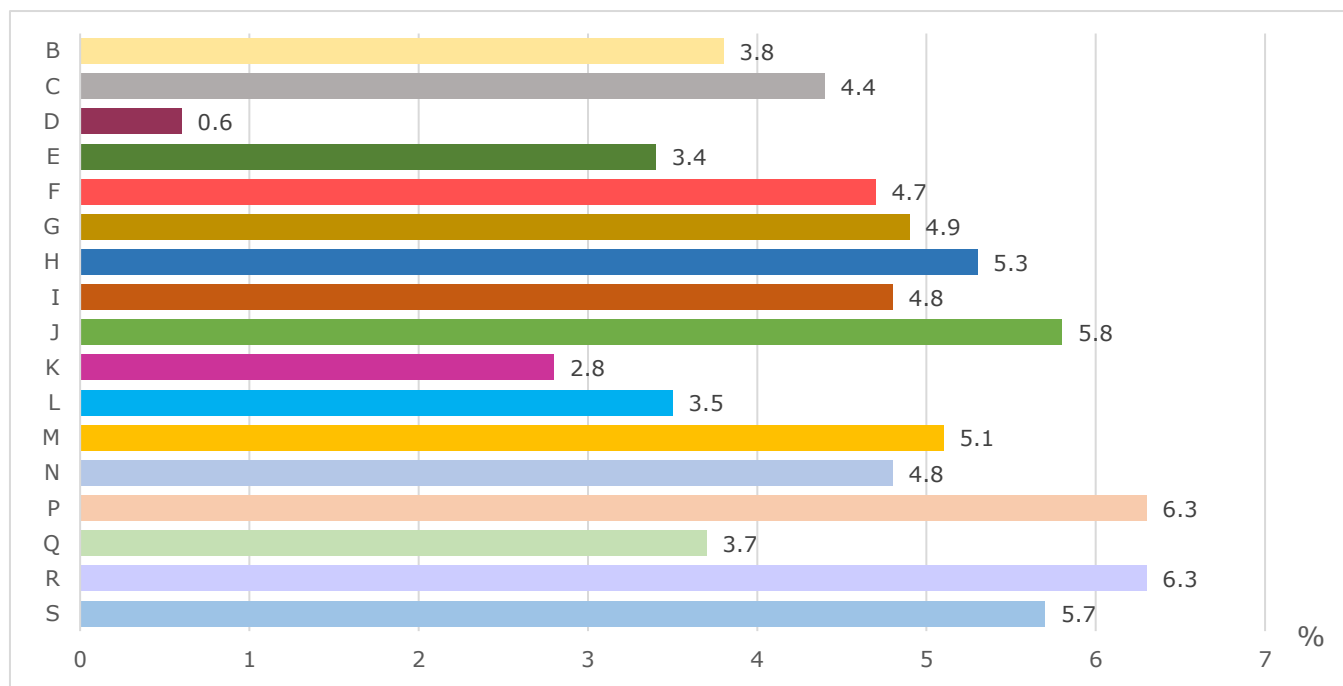
Since 2018, the year-on-year survival rate had shown a gradual fall in the number of survived enterprises for all of the four groups according to the number of employees. The share of enterprises born in 2018 and still active five years later was 4.8%, while the share of those born in 2022 and active in 2023 was 8.0% of the total number of active enterprises in 2023 (Figure 5).

Figure 5. Enterprises born during the period 2018 - 2022 and survived in 2023
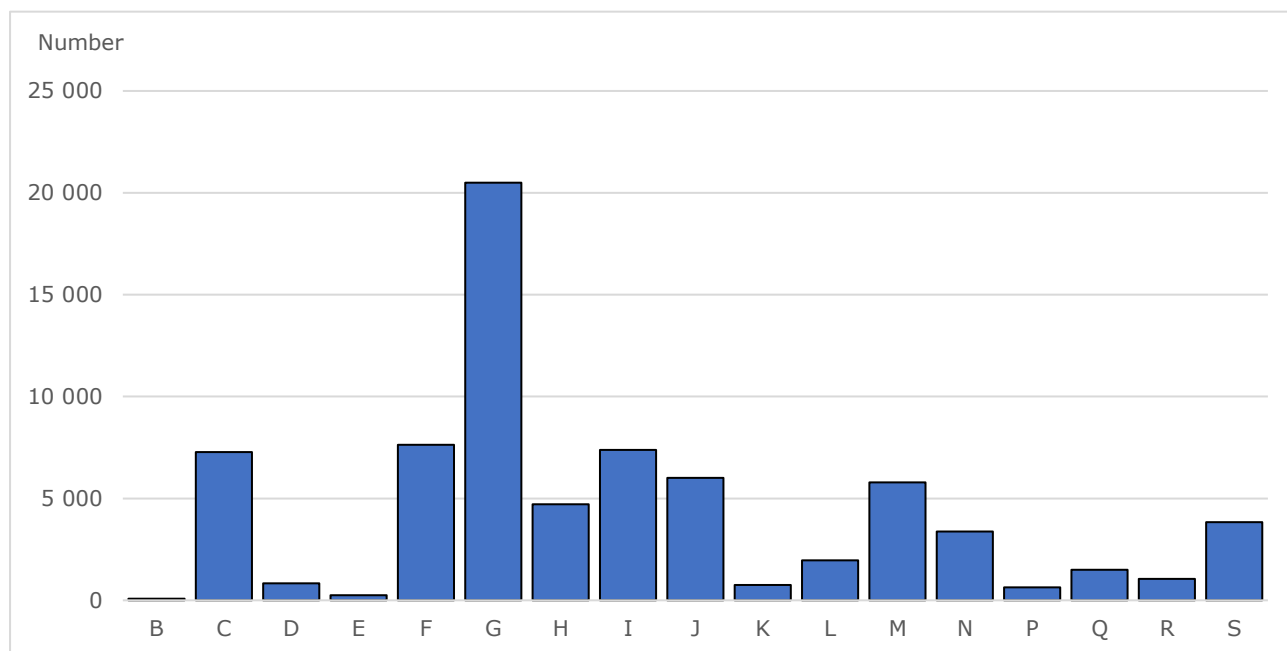

The most viable are the enterprises in sections P - 'Education' and R – 'Arts, entertainment and recreation', where the share of enterprises that successfully survived the five-year period was 6.3%. On the opposite side were the enterprises in section D - 'Electricity, gas, steam and air conditioning supply' - 0.6% (Figure 6).

Figure 6. Share of enterprises born in 2018 and survived in 2023 by economic sectors

The total number of persons employed in enterprises born in 2022 and survived in 2023 is 73 580. Almost 58.2% of the persons employed are concentrated in the following four sections: G – "Wholesale and retail trade; repair of motor vehicles and motorcycles" – 27.9%, F – "Construction" - 10.4, I – "Accommodation and food service activities" – 10.0%, and C – "Manufacturing" – 9.9% (Figure 7).

Figure 7. Employed persons in enterprises born in 2022 and survived in 2023 by economic sectors

The distribution of employment at enterprises born in 2022 and surviving in 2023, by groups of employed persons, was as follows:
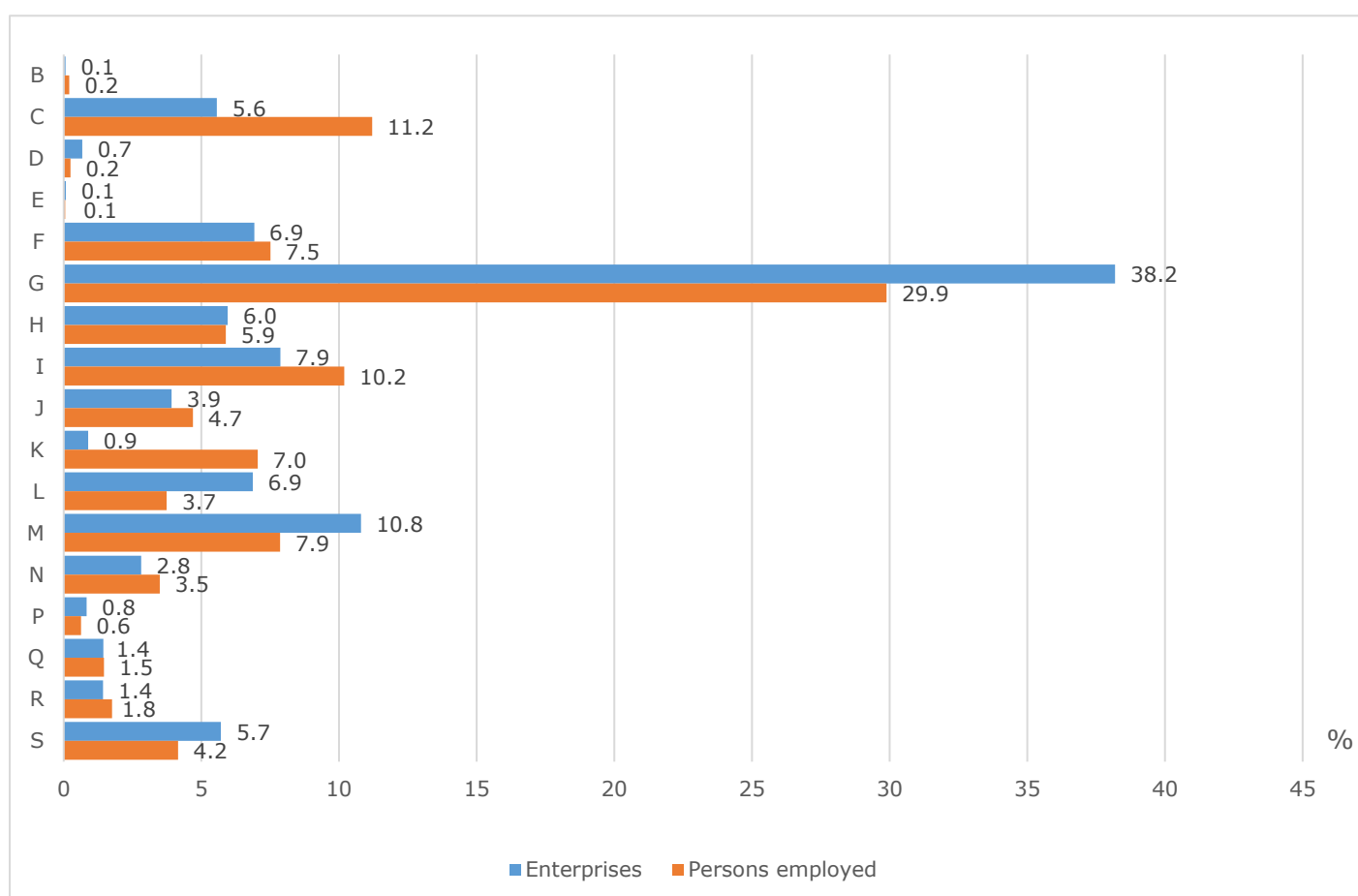
- 0 employees - 42.4%;
- 1 - 4 employees - 27.6%;
- 5 - 9 employees - 7.3%;
- 10 and more employees - 22.7%.

Dead Enterprises

In 2022, 32 898 enterprises died[5], or 8.3% of the active businesses that year, resulting in 2.4% of those employed during the year losing their jobs. The largest share of dead businesses - 38.2%, was in section G - 'Wholesale and retail trade; repair of motor vehicles and motorcycles'.

The most viable were the enterprises in sections: B - 'Mining and quarrying', where dead enterprises were less than 0.1% (Figure 8).

Figure 8. Structure of the dead enterprises in 2022 and of employed persons by economic sectors

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[5] The data on dead enterprises in 2022 are second preliminary due to the specific methodology, namely, *the enterprises that died in year (t) were active in year (t) but were not active either in year (t+1) nor in year (t+2).*

METHODOLOGICAL NOTES

Study Objective

The object of the study is the statistical unit 'enterprise', defined in Regulation of the EP and of the Council No. 696/93 of March 15, 1993, as '... *the smallest association of legal persons which is an organizational unit producing goods or services and enjoying a certain level of decision-making autonomy, especially in the allocation of its current resources…*'.

Study Goal

The main objective of the study on enterprise demography is to estimate the number of active enterprises and the employed and employed persons in them. This provides valuable information on business life expectancy by type and size, number and type of businesses that have died, growth rates, annual business survival rates. These data complement structural business statistics and form the basis for weighting and derivation of other statistics studying enterprises.

Scope of 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

NACE Rev. 2 - Statistical classification of economic activities

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
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Groupings of enterprises according to the number of persons employed in them

E0   Enterprises with 0 employees

E1T4   Enterprises with 1 to 4 employees

E5T9   Enterprises with 5 to 9 employees

EGE10 Enterprises with 10 or more employees

TERMS USED

Employees - in the context of structural business statistics, employees are those who work for an employer on the basis of an employment contract and receive compensation in the form wages, salaries, fees or remuneration in kind.

Persons employed - in the context of structural business statistics, persons employed in an enterprise include all persons employed as well as working owners.

Born enterprises - born enterprises cover all newly emerging active economic entities during the research period, regardless of whether they are with an employer or not.

Surviving enterprises - Survivors are those businesses that are active both before and after a certain business demographic event. The enterprise may change in some way, for example, in terms of economic activity, size, ownership or place of business, but it continues to be active.

Dead enterprises - dead enterprises cover all economic entities during the research period, regardless of whether they have an employer or not.