



BUSINESS DEMOGRAPHY **(As of 31st of December 2011)**

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, proportion of survived enterprises and data on changes in employment figures at specific moment in time.

Until 2008 the data for business demography of enterprises in EC 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.

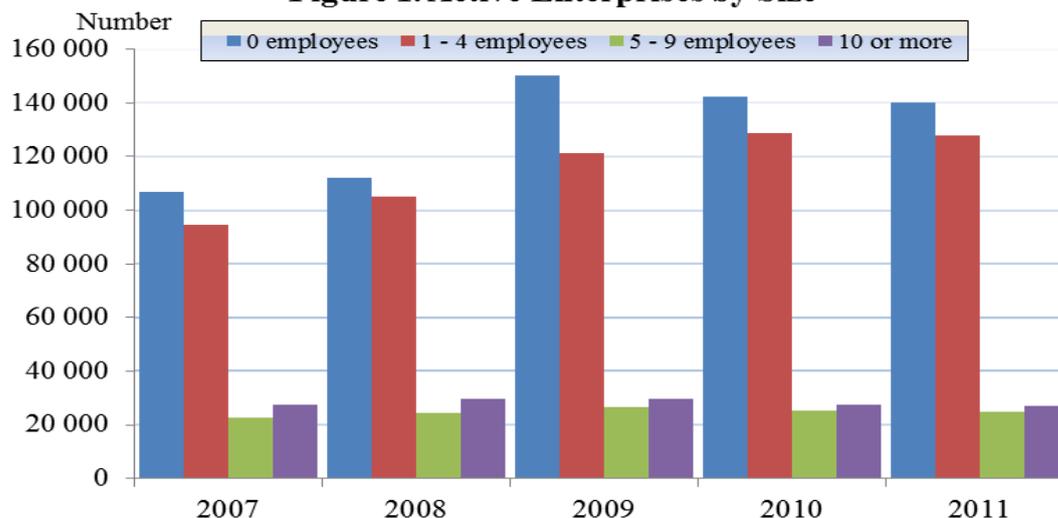
This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2011 and follows their dynamics for the 5 year study period.



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 2011 there were 319937 active enterprises which is almost with 1.2% less than the previous 2010.

Figure 1. Active Enterprises by Size



The active enterprises with zero employees (Figure 1) represent the largest proportion of the population of all active enterprises during the whole 2007 – 2011 period. In 2011 their number is 140119 which is 43.8% of all active enterprises. There are 127657 enterprises in the next “1-4 employees” group which is 39.9% of the total number for 2011. The enterprises in the “5-9 employees” group represent the smallest proportion of all. On average for the whole period, this proportion is about 8.3%, while in the “10 or more employees” group on average for the five year period this proportion is 9.5% of the active enterprises.

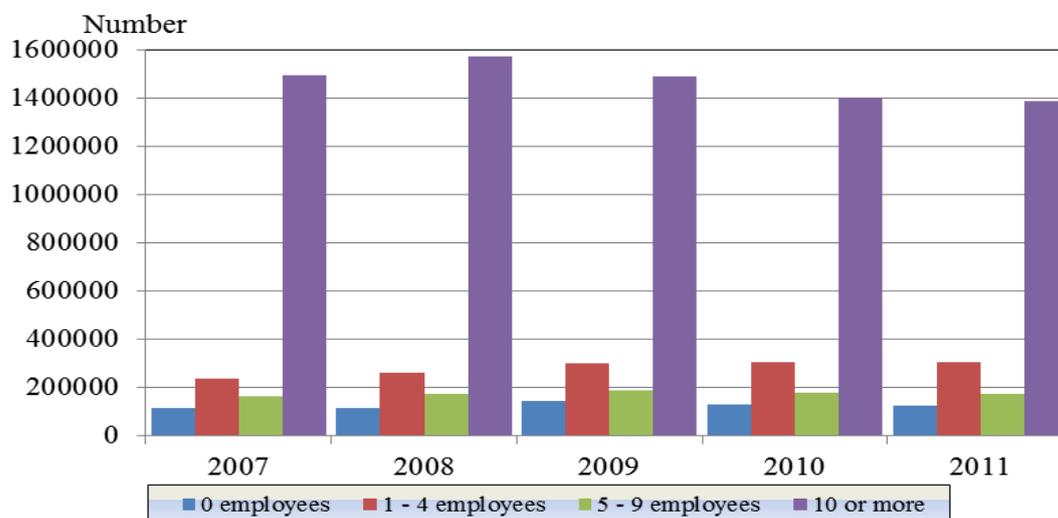
The number of persons employed in “10 or more employees” group represents 71.8% of all employees for the 2007-2011 period while the share of the enterprises in this group is hardly 9.5% of all active enterprises. And, reversely – just 6.1% of the total number of employees in the country corresponds to the large number of active enterprises in the zero employees group which is 43.6% of the total number of enterprises (Figure 2).

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



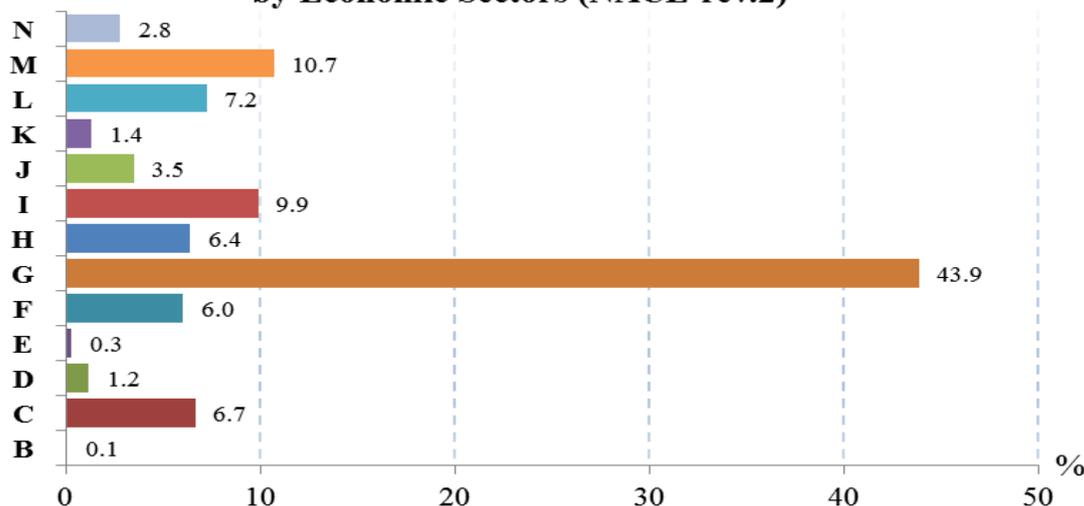
Figure 2. Employed Persons in Active Enterprises by Size



Newborn Enterprises

Almost 11.0% of the total numbers of enterprises in the selected economic sectors are newborn in 2011. For the last five years the annual average percent for newborn enterprises was slightly above 15.7% of the number of active enterprises during this period.

Figure 3. Structure of Enterprises Born in 2011 by Economic Sectors (NACE rev.2)



For the 2007-2011 period the highest proportion of newborn enterprises is in sector G – „Wholesale and retail trade; repair of motor vehicles and motorcycles” with an average of 43.9% for the five year period. At the same time the smallest proportion 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 2011 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 2007-2011 period the number of newborn enterprises that did not hire employees is the highest of all groups. In the zero employees group in 2011 there are 22239 newborn enterprises followed by



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the “1-4 employees” group with 11392 enterprises. In the same year the newborn enterprises with 10 or more employees are only 511 (Figure 4).

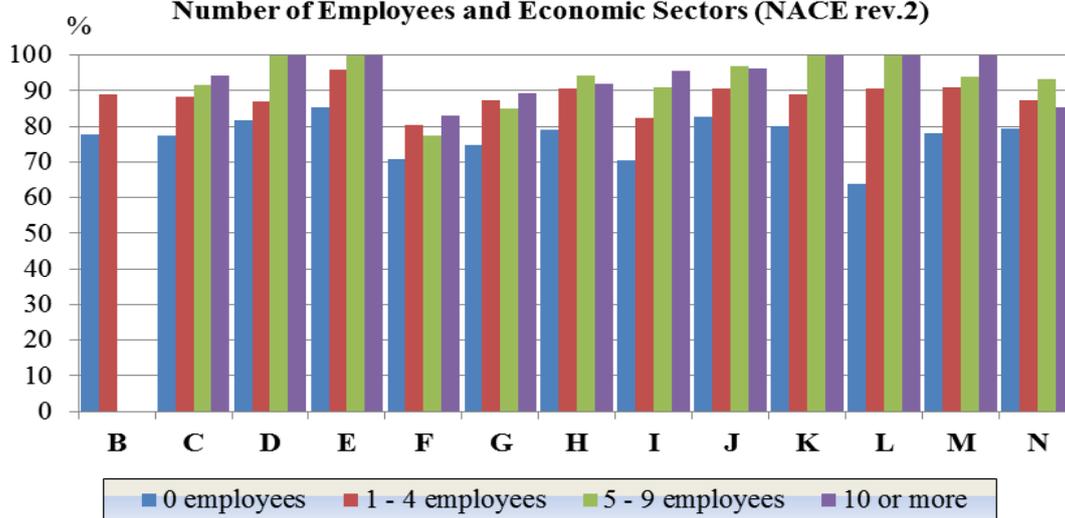
Figure 4. Structure of Enterprises Born in 2011 by Number of Employees



Alive Enterprises

Slightly above 79% of the enterprises born in 2010 are still surviving and functioning one year later with 92.1% of the “10 or more employees” group still surviving.

Figure 5. Proportion of Enterprises Born in 2010 and Alive in 2011 by Number of Employees and Economic Sectors (NACE rev.2)

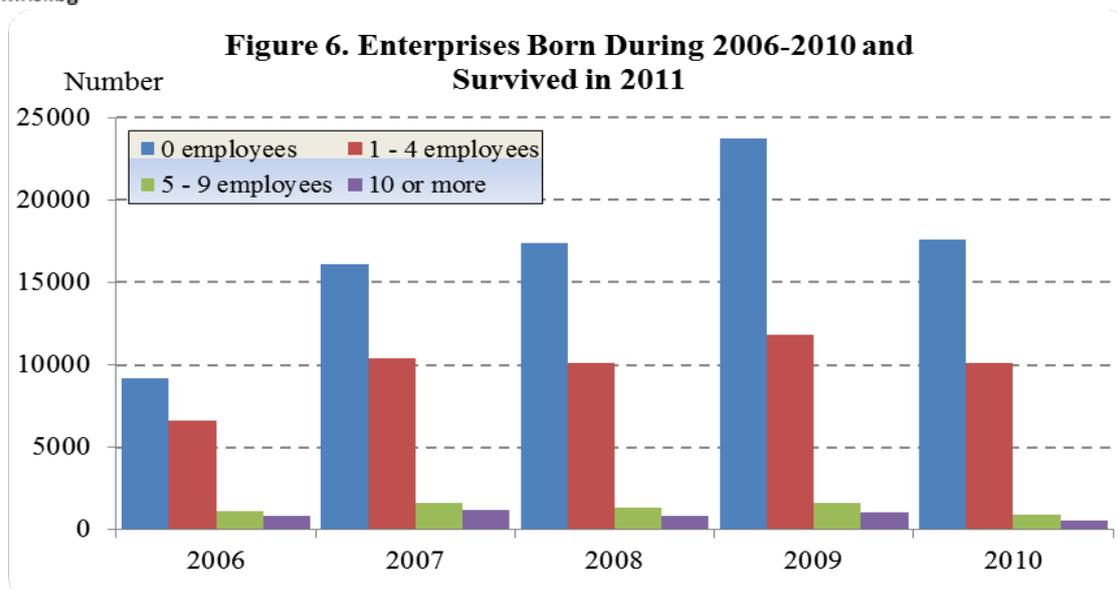


In 2010 the newborn enterprises are 36890 with 29197 of them successfully surviving in 2011. The highest proportion of 90.7% of surviving enterprises is in sector E - „Water supply; sewerage, waste management and remediation activities“, and the lowest proportion of less than 67% in sector L – “Real estate activities” (Figure 5).

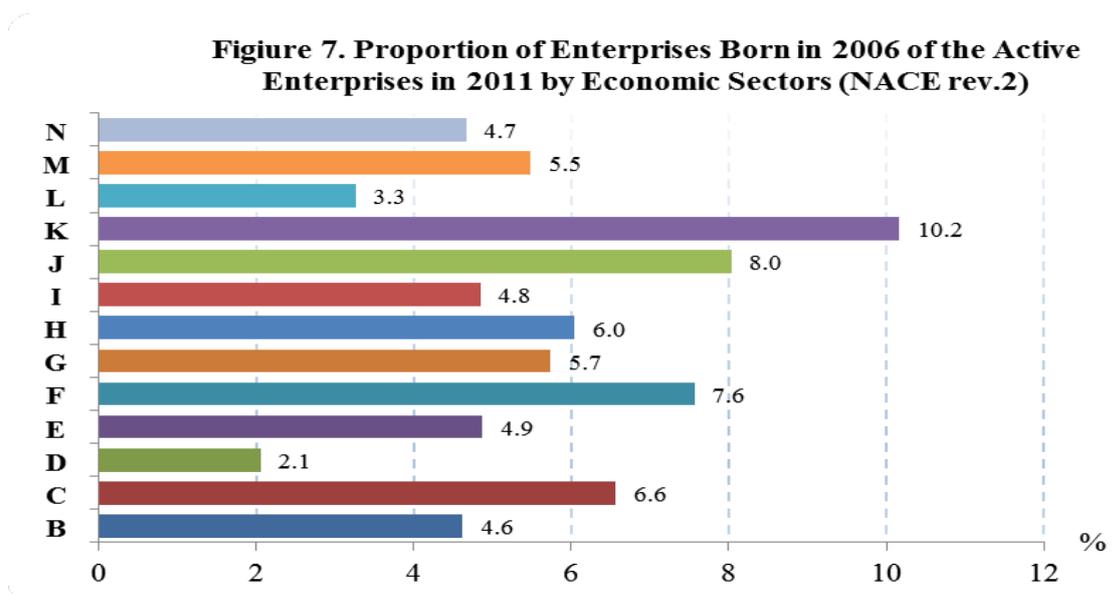
Moving further away from the year of birth brings down the number of surviving enterprises in zero employees group and “1-4 employees” group while in “5-9 employees” group and “10 or more employees” group the tendency of decreasing number of surviving enterprises is much less pronounced (Figure 6).



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In 2011 the share of enterprises born in 2006 and still active five years later is almost 5.6%.

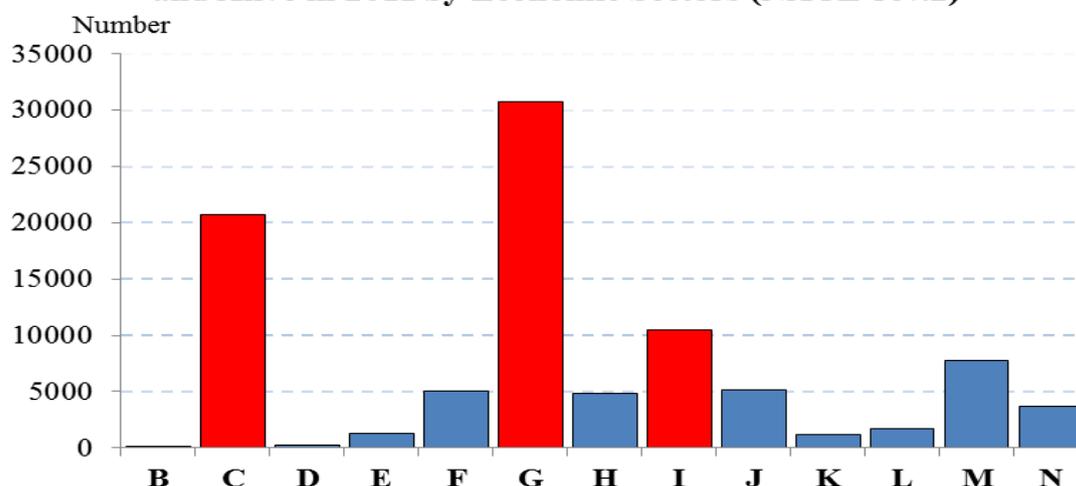


The most viable are the enterprises from sector K – “Financial and insurance activities” where the share of enterprises successfully surviving the five year period is almost 10.2%. At the opposite side are the enterprises from sector D – “Electricity, gas, steam and air conditioning supply” with a little over 2% surviving enterprises (Figure 7).

The total number of persons employed in enterprises born in 2010 and still surviving in 2011 for the 13 economic sectors NACE Rev.2 is 92891. Almost 67% of the employed people are concentrated in the following three sectors: G - “Wholesale and retail trade; repair of motor vehicles and motorcycles” - 33.1 %; C - “Manufacturing” - 22.3% and I – “Accommodation and food service activities” - 11.2% (Figure 8).



Figure 8. Employed Persons in Enterprises Born in 2010 and Alive in 2011 by Economic Sectors (NACE rev.2)

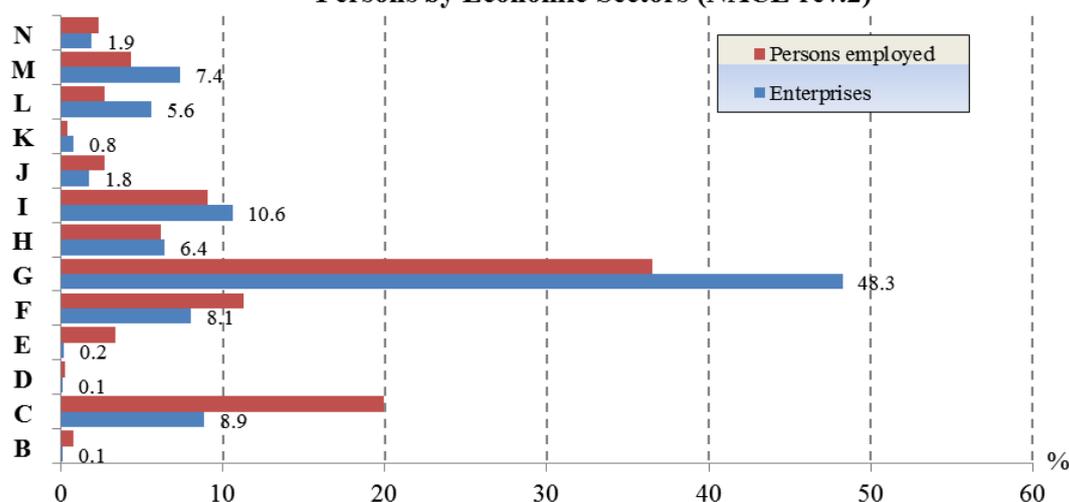


Approximately the same number of persons employed worked in 2011 in “10 or more employees” group and “1-4 employees” group, namely 31000 people or 33% for each group. The rest of employed people are distributed as follows: 25% in zero employees group and “5-9 employees” group and 9%.

Dead Enterprises

The data for dead enterprises are for 2010 due to the specific methodology and definition. In 2010 the number of dead enterprises is 25650 or slightly above 7.9% of the total number of active enterprises during the year. As result of their death more than 3.2% of the employees lost their jobs in 2010.

Figure 9. Structure of the Dead Enterprises in 2010 and of Employed Persons by Economic Sectors (NACE rev.2)



In 2010 almost half the dead enterprises, or 12379 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



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remediation activities”, and K – “Financial and insurance activities excluding activities of holding companies” (Figure 9).



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 for the interval 2004-2008. 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