BUSINESS DEMOGRAPHY FOR 2021

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 THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on European business statistics 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 O, P, Q, R and S from the same classification.

This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2021 and follows their dynamics for a five-year period (2017 - 2021).
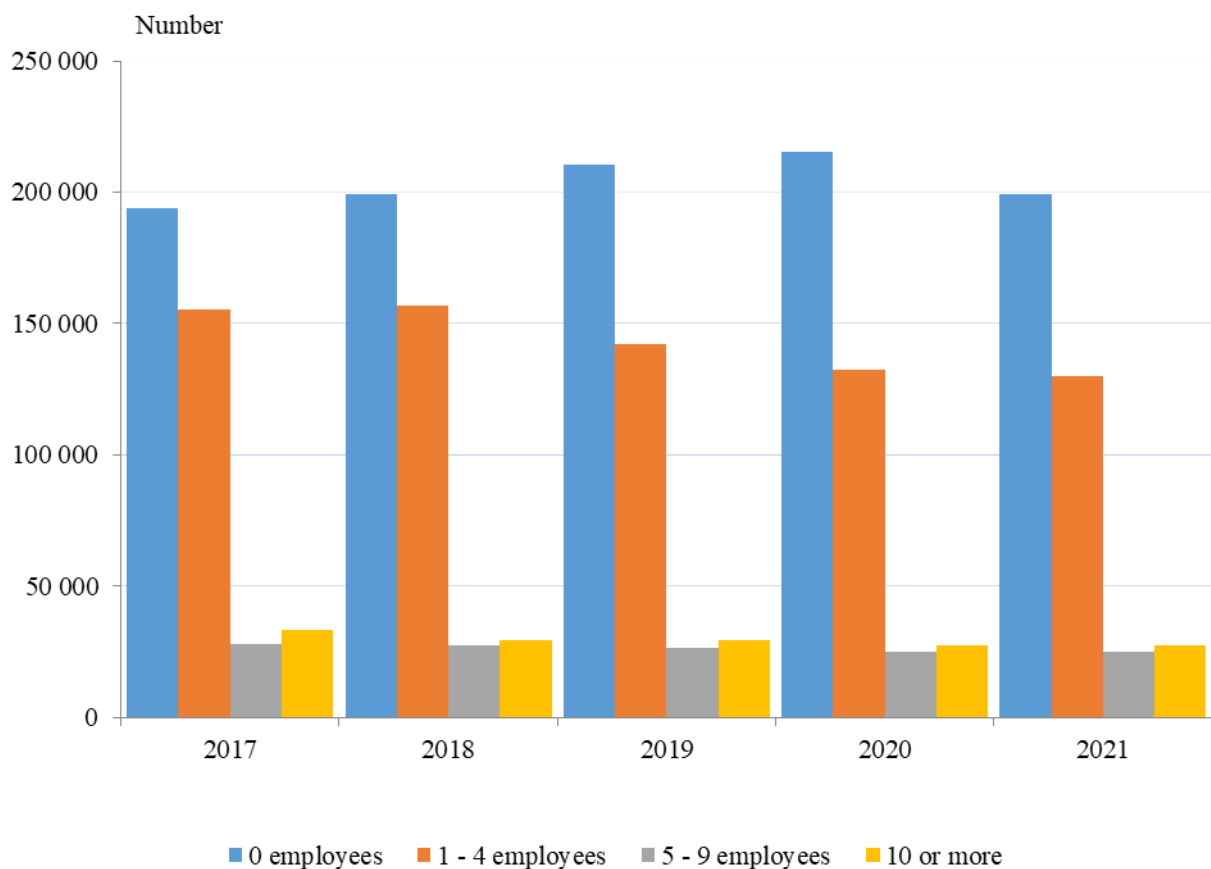
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[1] https://www.nsi.bg/sites/default/files/files/publications/KID-2008.pdf

General Review of the Active Enterprises and Employment

In 2021, the number of active enterprises in Bulgaria is 381 457, which is 4.8% less compared to the previous year 2020.[2]

**Figure 1. Active Enterprises by Size class**

The active enterprises with zero employees (Figure 1) represent the largest proportion of the population of all active enterprises during the period (2017 - 2021). In 2021, this share is 52.2% of all active enterprises, followed by the '1 - 4 employees' group with 34.0%, and the lowest share of enterprises is in the '5 - 9 employees' group - 6.6%.

The number of persons employed in '10 or more employees' group represents 67.1% of all employees for the 2017 - 2021 period, while the proportion of enterprises in this group is 7.2% of all active enterprises. Contrastingly, 8.7% of the total number of employees in the country corresponds to the largest group of active enterprises with zero employees (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).

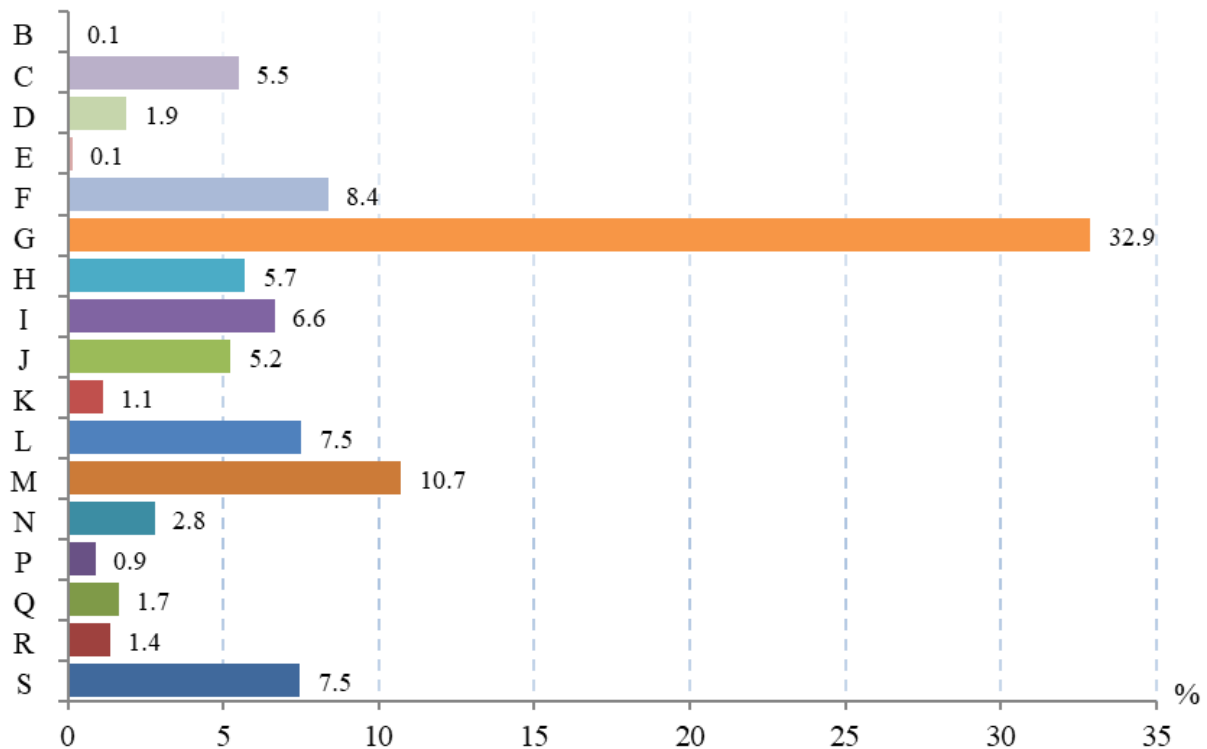**Figure 2. Employed Persons in Active Enterprises by Size class**
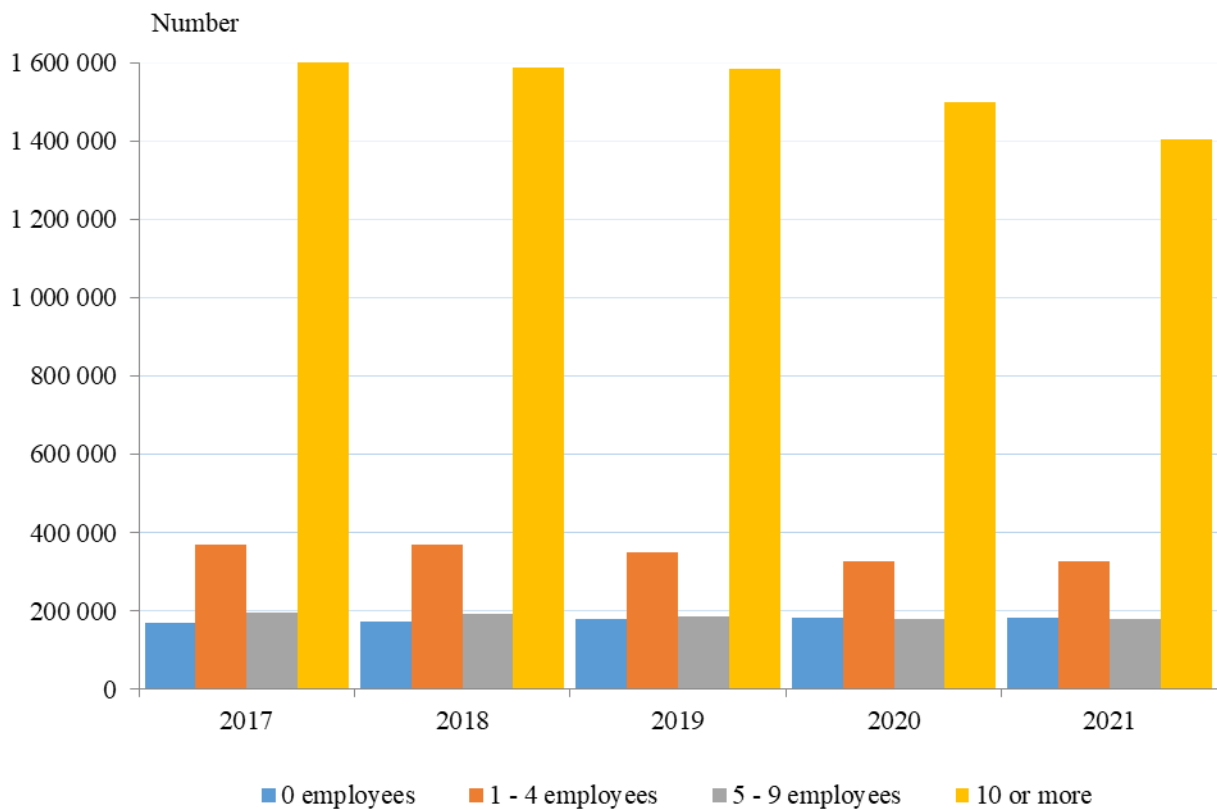
Newborn enterprises

The newly born enterprises for 2021 in the selected economic sectors are 37 898, or 9.9% of the total number of enterprises. For the last five years, the annual average percentage of newborn enterprises was 10.7% of the active enterprises during this period.

The structure of the newborn enterprises by economic sector remains relatively stable for the last five years. The highest share of newborn enterprises is in section G - 'Wholesale and retail trade; repair of motor vehicles and motorcycles' - 34.8%. At the same time, the smallest share of newborn enterprises is in section B - 'Mining and quarrying' with less than 0.1% on average for the 2017 - 2021 period. This tendency remains intact in 2021 as well (Figure 3).

Figure 3. Structure of Enterprises Born in 2020 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, the largest number of newborn enterprises had no employees (Figure 4). In 2021, 30 071 newborn enterprises fall into the '0 employees' group, followed by the '1 - 4 employees' group with 6 907 enterprises. The newborn enterprises with 10 or more employees are only 342.

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Figure 4. Structure of Enterprises Born in 2021 by Number of Employees
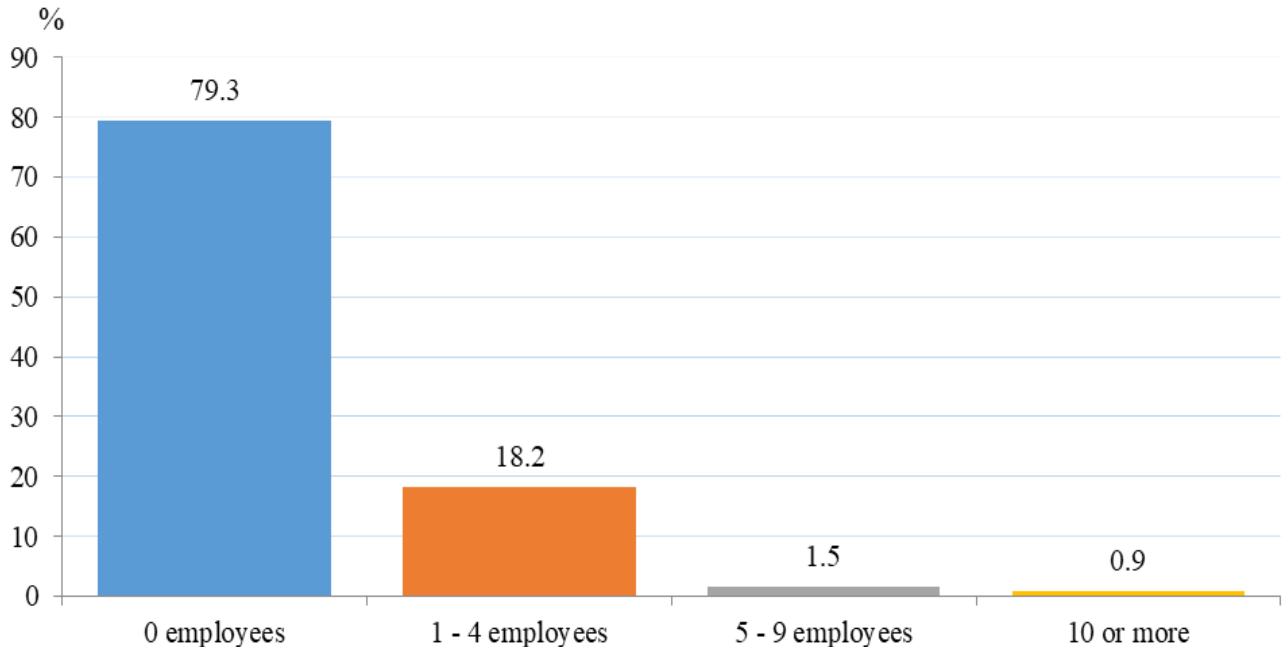
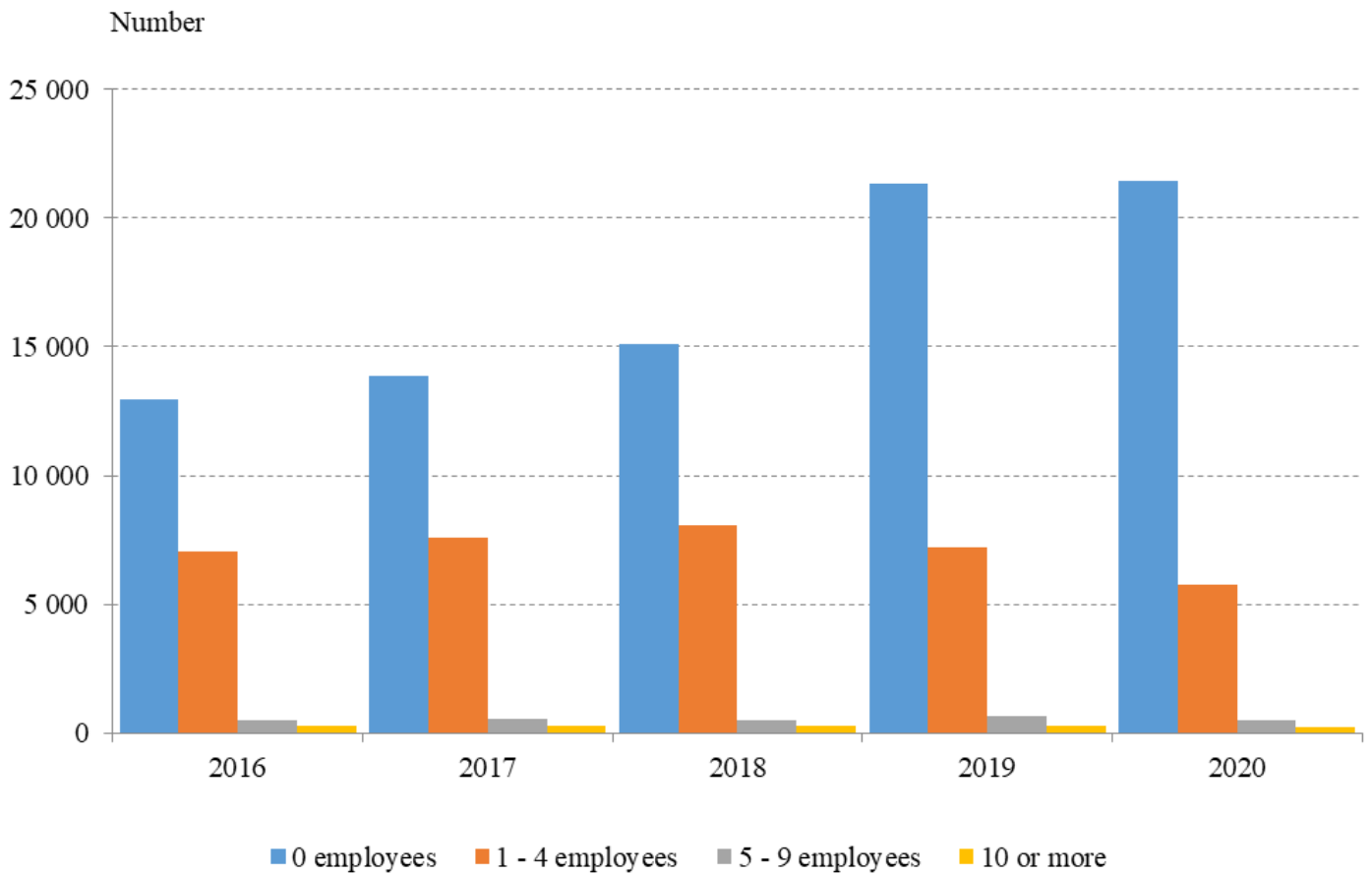**Survived Enterprises**

Almost 79.4% of the enterprises born in 2020 survive one year later, as in the group of '1 - 4 employees' this share is highest - 89.8%.

In 2020, the newborn enterprises are 35 203, and 27 943 of them successfully survived in 2021. The highest share of survived enterprises is in section D - 'Electricity, gas, steam and air conditioning supply' - 95.8%, and the lowest - in section L - 'Real estate activities' - 61.6%.

Since 2016, the year-on-year survival rate shows 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 2016 and still active five years later is 5.5%, while the share of those born in 2020 and active in 2021 is 7.3% of the total number of active enterprises in 2021 (Figure 5).

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Figure 5. Enterprises born during period 2016 - 2020 and survived in 2021

Number

The most viable are the enterprises in section H - 'Transportation and storage', where the share of enterprises that successfully survived the five-year period is 7.5%. On the opposite side are the enterprises in section D - 'Electricity, gas, steam and air conditioning supply' - 0.7% (Figure 6).
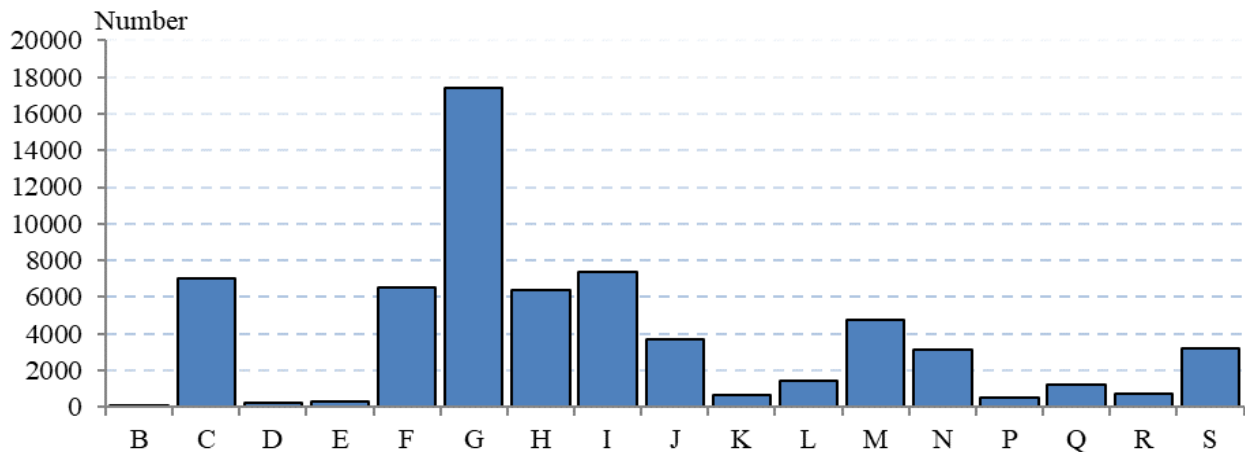
Figure 6. Share of Enterprises born in 2016 and survived in 2021 in the Active Enterprises for 2021 by Economic Sectors

Code	Sector
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
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The total number of persons employed in enterprises born in 2020 and survived in 2021 is 64 623. Almost 69.2% of the persons employed are concentrated in the following five sections: G - 'Wholesale and retail trade; repair of motor vehicles and motorcycles' - 27.0%, I - 'Accommodation and food service activities' - 11.4%, C - 'Manufacturing' - 10.8%, F - 'Construction' - 10.1%, and H - 'Transportation and storage' - 9.8% (Figure 7).

**Figure 7. Employed Persons in Enterprises born in 2020
and survived in 2021 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
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The distribution of employees in enterprises born in 2020 that survived in 2021 is as followed:

- 0 employees - 45.9%;
- 1 - 4 employees - 30.3%;
- 5 - 9 employees - 9.1%;
- 10 and more employees - 14.6%.

Dead Enterprises

In 2020, 40 865 enterprises died[3], or 10.2% of the active businesses that year, resulting in 4.5% of those employed during the year losing their jobs. The largest share of dead businesses - 38.0%, is 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' and E - 'Water supply; sewerage, waste management and remediation activities', where dead enterprises are less than 0.1% (Figure 8).

Figure 8. Structure of the Dead Enterprises in 2020 and of Employed Persons by Economic Sectors

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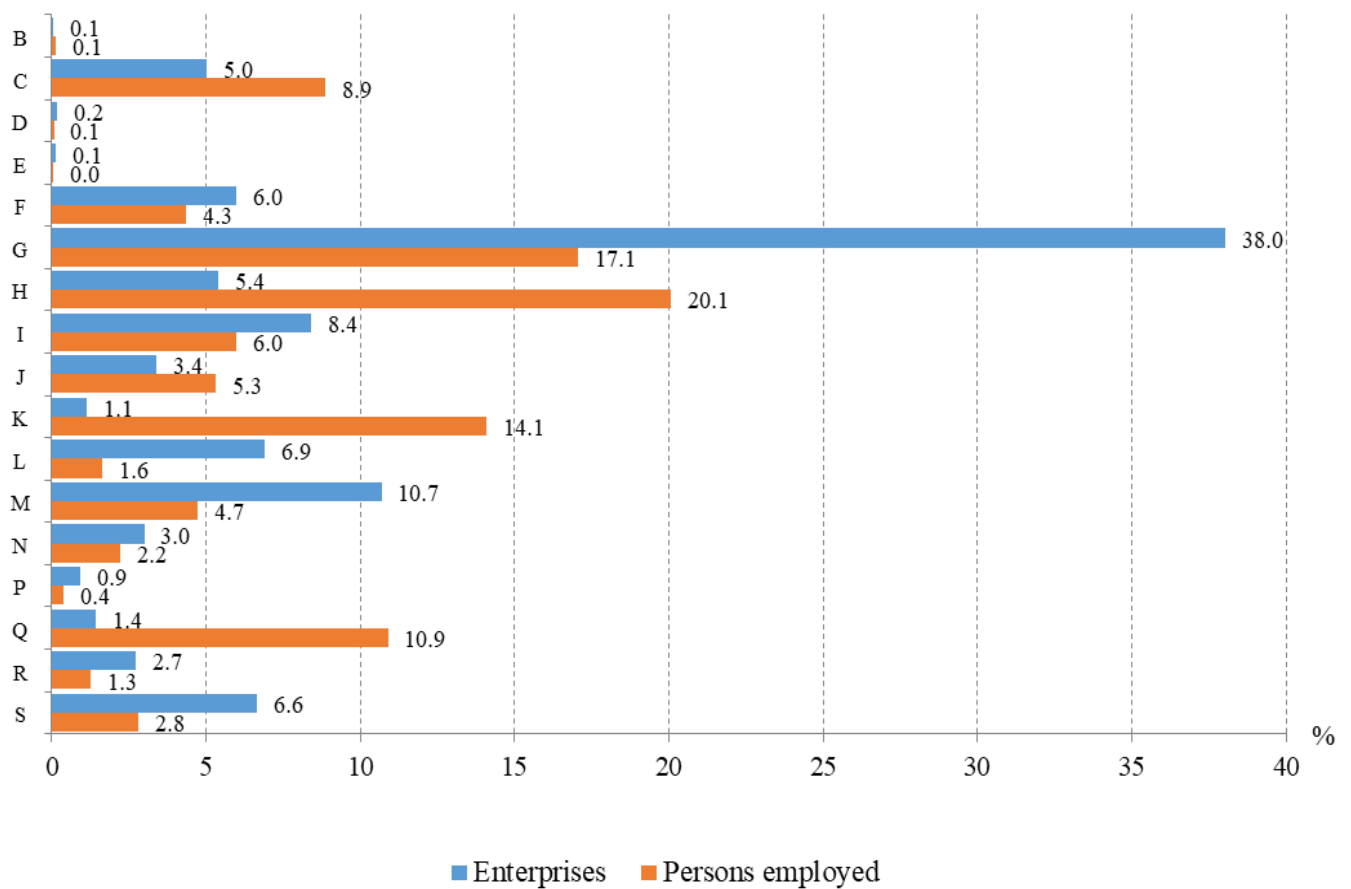
[3] The data on dead enterprises in 2020 are second preliminary due to the specific methodology, namely, *the enterprises that died in year (t) were active in year (t) but were not active either in year (t+1) nor in year (t+2).*

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E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES
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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	AGRICULTURE, FORESTRY AND FISHING
C	MINING AND QUARRYING
D	MANUFACTURING
E	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY
F	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES
G	CONSTRUCTION
H	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
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J	ACCOMMODATION AND FOOD SERVICE ACTIVITIES
K	INFORMATION AND COMMUNICATION
L	FINANCIAL AND INSURANCE ACTIVITIES
M	REAL ESTATE ACTIVITIES
N	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES
O	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY
P	EDUCATION
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
R	ARTS, ENTERTAINMENT AND RECREATION
S	OTHER SERVICE ACTIVITIES

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 of salary, honorarium 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.

Born enterprises with an employer - born enterprises with at least one employee. This population consists of newly established enterprises that have at least one employee in the year of the enterprise's birth or that existed in the previous year but were below the one-employee threshold.

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.

Dead enterprises with an employer - closed enterprises with at least one employee. This population consists of closed businesses that had at least one employee in the year of closure, and businesses that hovered below the one-employee threshold for at least two consecutive years.