BUSINESS DEMOGRAPHY
(By December 31, 2008)

PREFACE

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 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 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.
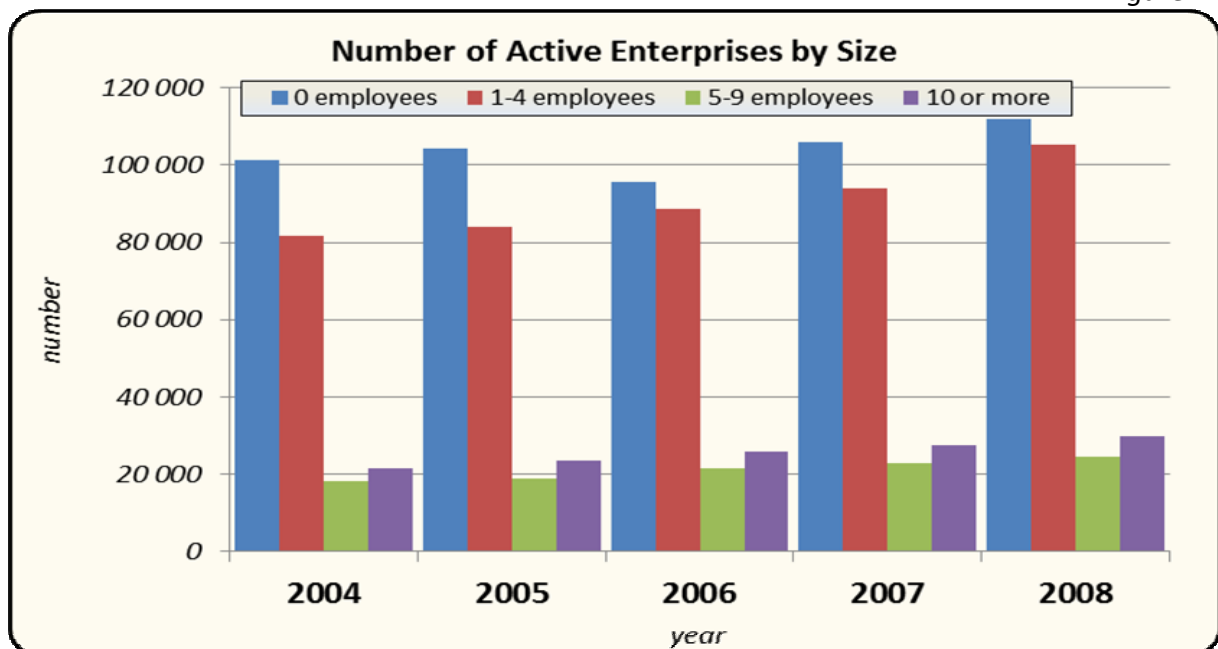
This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2008 and shows their dynamics for the study period.

GENERAL REVIEW OF THE ACTIVE ENTERPRISES AND THEIR EMPLOYMENT

The study includes enterprises classified in selected by Eurostat sectors[1] of the classification of economic activities NACE rev. 2 with the exception of group 64.2 or activity of holding companies. In 2008 there were 271 272 active enterprises in Bulgaria which is 8% higher than 2007.

Figure 1

Number of Active Enterprises by Size

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[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

Active enterprises with zero employees (e.g. owner only) have the largest share of all active enterprises for the whole 2004-2008 period (see Figure 1). In 2008 their number is 111 918 or 41.3% of all active enterprises. The second largest group of enterprises have 1 to 4 employees with 105 170 enterprises or 38.8% of the total for 2008. The group of enterprises with 5 to 9 employees has the lowest share of the total with an average of 8.8%. The group of enterprises with 10 or more employees represents 10.6% of all active enterprises.

The number of employed in the latter group is 74% of all employed while the share of the enterprises is only about 11% of all active enterprises. And vice versa the large number of enterprises with zero employees (43%) represents very small portion of the employed with about 5.5% of the total number of persons employed.

Figure 2

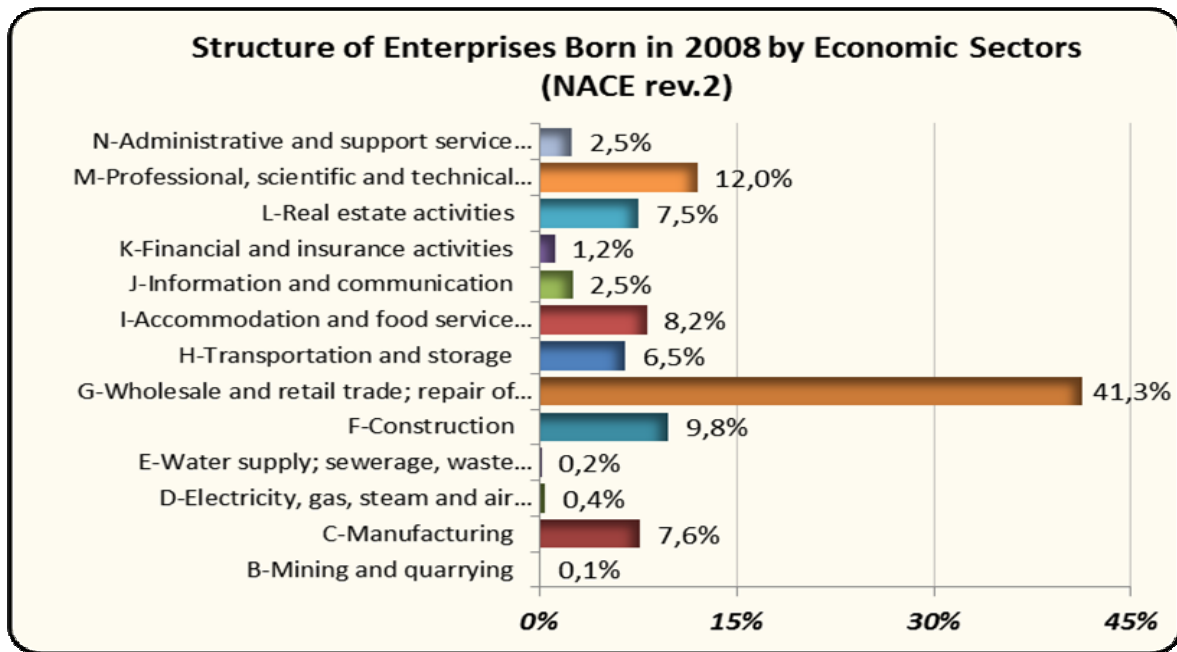**Employed Persons in Active Enterprises by Size**

NEWBORN ENTERPRISES

Newborn enterprises in 2008 in the sectors considered represent 18.7% of the total number of enterprises in the same sectors. For the last five years the number of newborn enterprises is on average 19% of the number of active enterprises or about one fifth of the active enterprises are newborn.

Figure 3

Structure of Enterprises Born in 2008 by Economic Sectors (NACE rev.2)

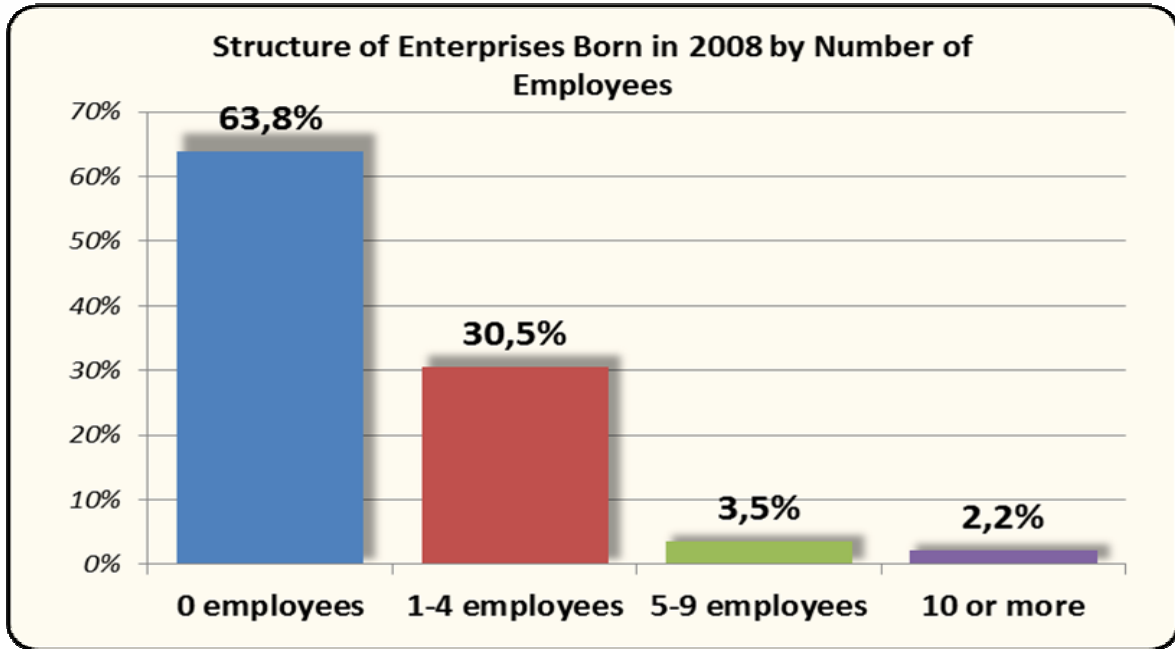| Sector	Percentage
N-Administrative and support service…	2,5%
M-Professional, scientific and technical…	12,0%
L-Real estate activities	7,5%
K-Financial and insurance activities	1,2%
J-Information and communication	2,5%
I-Accommodation and food service…	8,2%
H-Transportation and storage	6,5%
G-Wholesale and retail trade; repair of…	41,3%
F-Construction	9,8%
E-Water supply; sewerage, waste…	0,2%
D-Electricity, gas, steam and air…	0,4%
C-Manufacturing	7,6%
B-Mining and quarrying	0,1%

In 2004-2008 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 44% for the whole five year period. The smallest proportion of newborn enterprises is in sector B - „Mining and quarrying" with an average of 0.1% for the whole period. This tendency prevails during 2008 (see Figure 3). As a whole the structure of the newborn enterprises seems relatively stable during the five year period considered.

For 2004 - 2008 period the number of newborn enterprises that did not hire people was the highest. The group of newborn enterprises with zero employees in 2008 has 31 445 enterprises, followed by the group with one to four employees with 15 033 enterprises. In the same year the number of newborn enterprises with 10 or more employees is the smallest with only 1 071 enterprises.
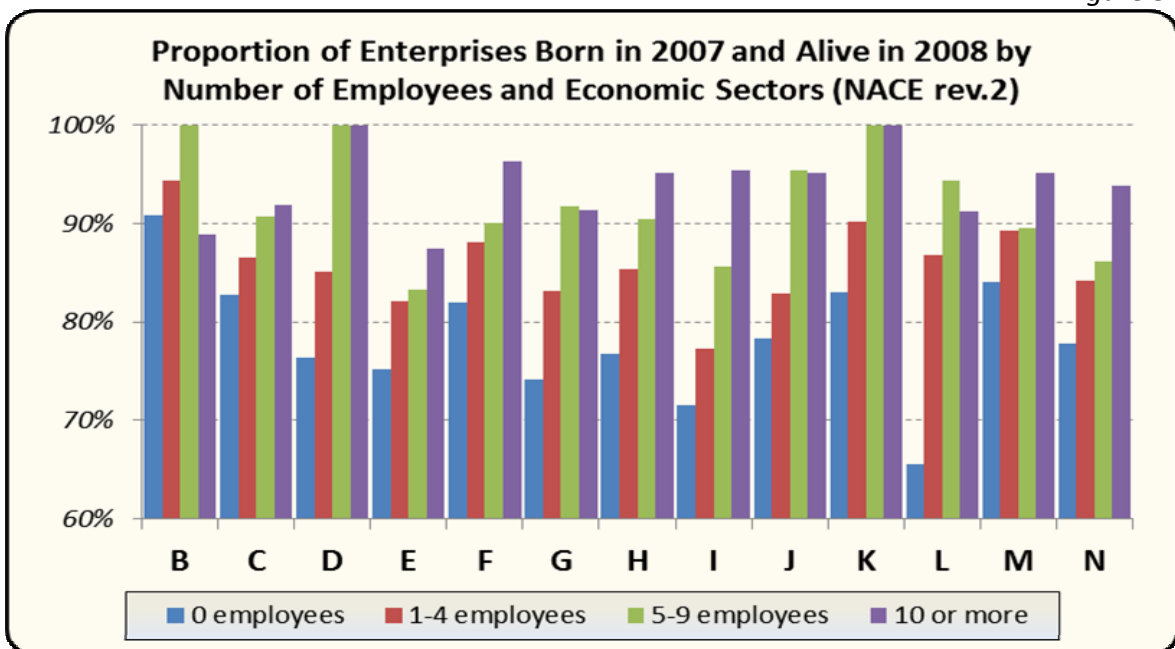
Figure 4

Structure of Enterprises Born in 2008 by Number of Employees

SURVIVED ENTERPRISES

More than 76% of enterprises born in 2007 survived during 2008 and for the group with 10 or more employees this share is almost 94%.
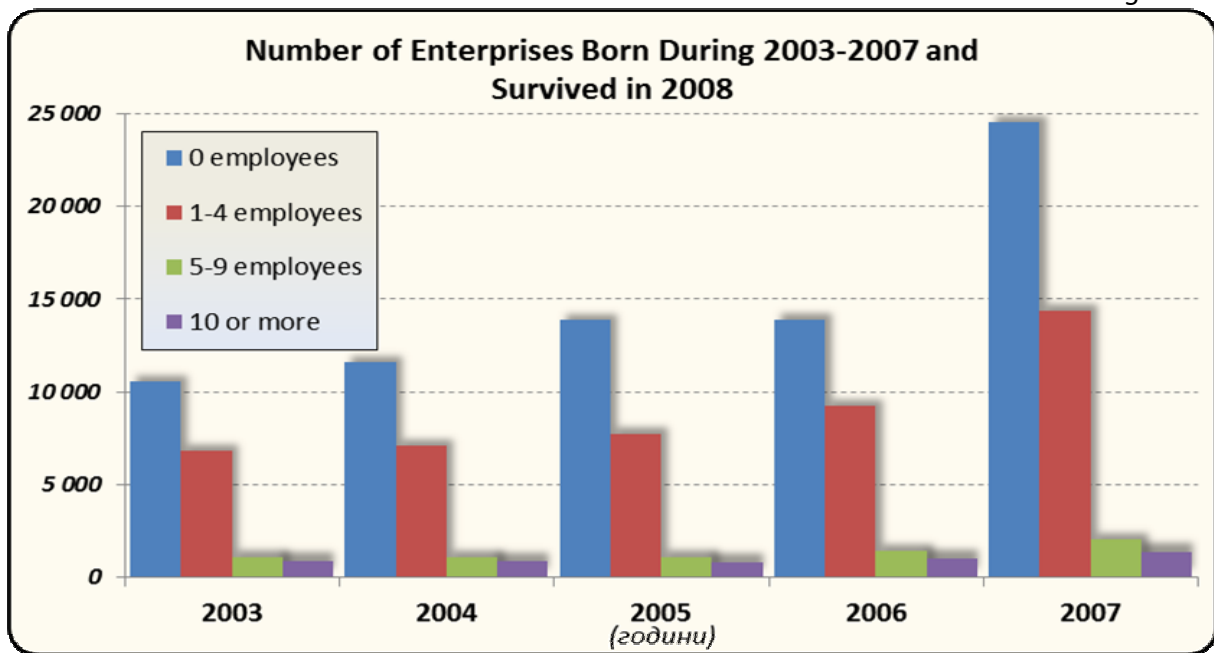
Figure 5

Proportion of Enterprises Born in 2007 and Alive in 2008 by Number of Employees and Economic Sectors (NACE rev.2)

The number of newborn enterprises in 2007 is 55 488 from which 42 434 did survive in 2008. The sector with the highest survival rate is sector B - „Mining and quarrying" with 91% survival rate, while sector L - „Real estate activities" has the lowest survival rate of 65%.
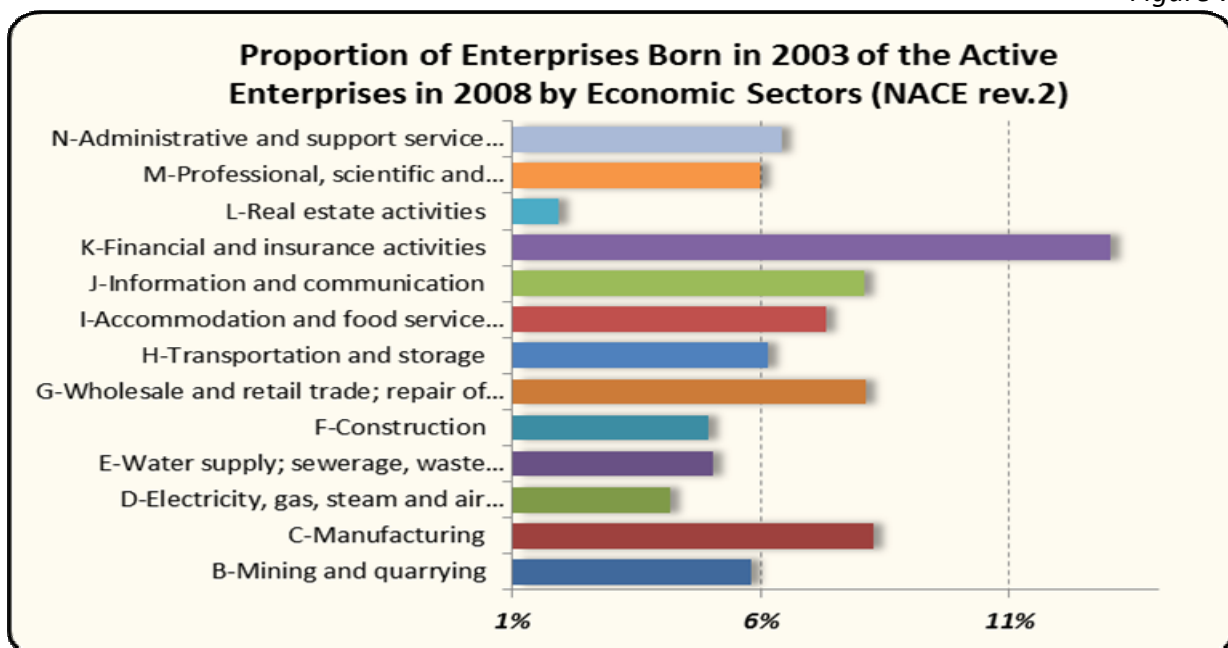
The further away from the year of birth the lower the number of survived enterprises of the „0 employees" and „1-4 employees" groups, while for the other two groups „5-9 employees" and „10 or more employees" this decrease is very slow and almost nonexistent (see Figure 6).

Figure 6

The share of enterprises born in 2003 and still active five year later in 2008 is a little over 7%.
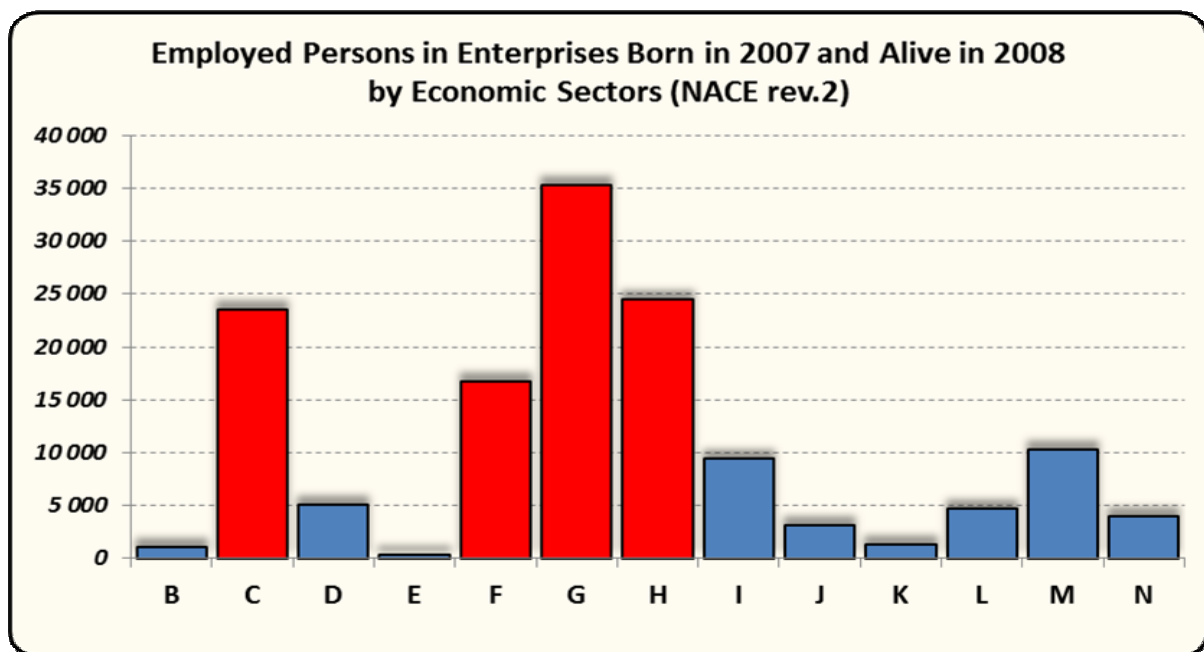
Figure 7

The most agile enterprises are the ones in sector **K** - „*Financial and insurance activities*", where the share of the enterprises successfully surviving after five year period is 13%. On the opposite end is sector **L** – „*Real estate activities*", where the share is 2% for the same indicator.

The number of employed persons in the enterprises born in 2007 and still surviving in 2008 for all 13 sectors of NACE Rev.2 is about 130 000 people. Almost 72% of the employed are concentrated in only four sectors as follows: **G** - *"Wholesale and retail trade; repair of motor vehicles and motorcycles"* with 25.3%; **H** - *"Transportation and storage"* with 17.5%; **C** - *"Manufacturing"* with 16.9% and **F** - *"Construction"* with 12.0%.
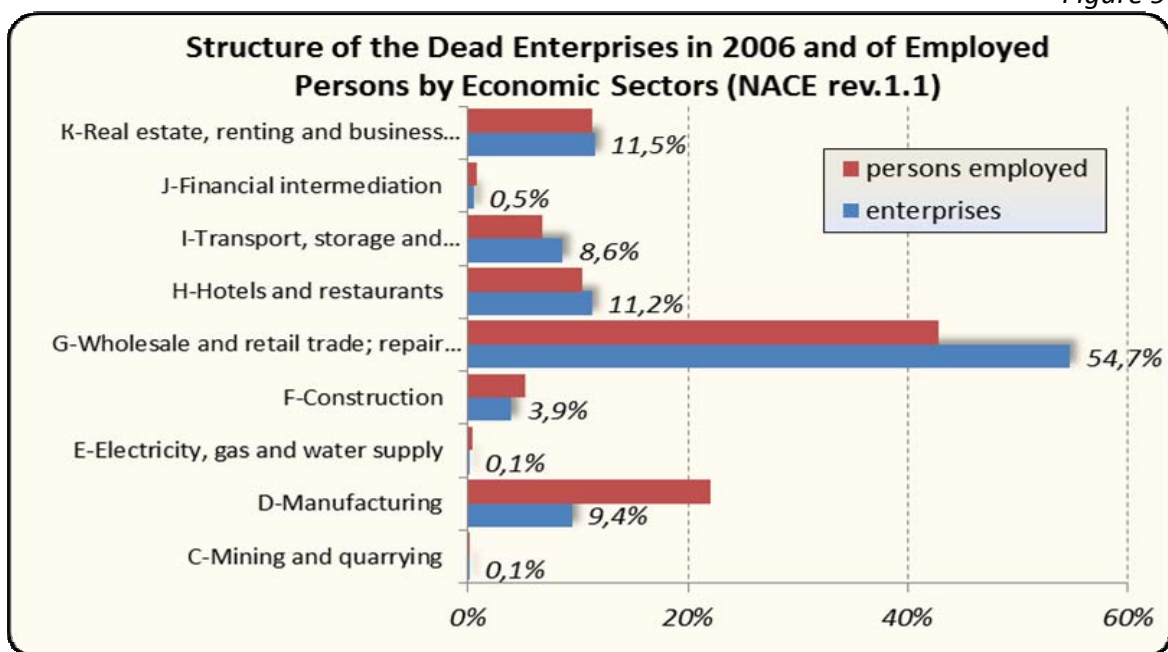
Figure 8

Almost half (48%) of the employed work in the enterprises with „*10 or more employees*", 23% work in enterprises with „*1-4 employees*", and 19% are from enterprises with zero employees.

DEAD ENTERPRISES

The last available data on confirmed dead enterprises are for 2006 and they are coded by NACE rev. 1.1[2] which is due to the specific methodology used for their determination. In 2006 their number is 35 602 or a little over 15% of all active enterprises in this year. As a result of the enterprise' death only about 4% of the employed has lost their jobs in 2006.

Figure 9

In 2006, 19 471 enterprises or more than half of the dead enterprises were listed in sector **G** – *„Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods".*

In 2006 the most agile sectors were the following: **E** – *„Electricity, gas and water supply"* and **C** – *"Mining and quarrying"* which lost only 38 enterprises or less than one percent of all active enterprises in this year.

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[2]

    C - Mining and quarrying
    D - Manufacturing
    E - Electricity, gas and water supply
    F - Construction
    G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
    H - Hotels and restaurants
    I - Transport, storage and communication
    J - Financial intermediation
    K - Real estate, renting and business activities

SHORT 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 "… a*n 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 goal 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

- National Classification of Economic Activities (NACE Rev.1.1)

C	Mining and quarrying
D	Manufacturing
E	Electricity, gas and water supply
F	Construction
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
H	Hotels and restaurants
I	Transport, storage and communication
J	Financial intermediation
K	Real estate, renting and business activities

- 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