



PROJECT ‘STATISTICS ON FAMILY BUSINESSES IN BULGARIA’ MAIN RESULTS, 2015

Introduction

Small and medium-sized enterprises (SMEs) play a crucial role in reaching the objectives of the Europe 2020 Strategy. Whereas they are considered as crucial engines for growth and job creation, their competitiveness is affected by a limited exploitation of international opportunities and innovation prospects in the Single Market and beyond.

In this context, the **Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014 - 2020) (COSME)** aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The EU COSME Programme aims to identify family businesses in order to assess their relevance, scope and nature. Within the Programme, the study on family business was part of a seven country efforts and has been conducted during 2015 in **Bulgaria, Denmark, Finland, Italy, Malta, the Netherlands and Poland.**

Family Businesses constitute a substantial part of the existing European companies and play significant role in the strength and dynamism of the European economy. In Europe nowadays there is no sufficient information concerning the role and economic importance of family businesses.

The data collected across countries will provide the basis for further European, national and regional policy development and provide an impetus for consistent cross-country data collection with particular regard to family owned businesses in general and on ownership structures of companies in particular. At national level, the main objective of the project is to improve long-term reliable statistics on family businesses and to increase the visibility of the role of such businesses within the Bulgarian economy.

In December 2015, a Grant agreement for the action ‘Statistics for family businesses’ was signed by both parties: beneficiary the NSI of Bulgaria and the Executive Agency for Small and Medium-sized Enterprises (EASME), under the power delegated by the European Commission.

Grant action activities were executed in the period February 2016 - March 2017. As a result **data on family businesses in Bulgaria** were collected and analyzed for the reference year 2015.



Data description

The study of the Family Businesses in Bulgaria includes all active enterprises at the territory of the country in 2015. A company was defined as a family business by using a common European definition of family business (2009). A firm, of any size, is a family business, if:

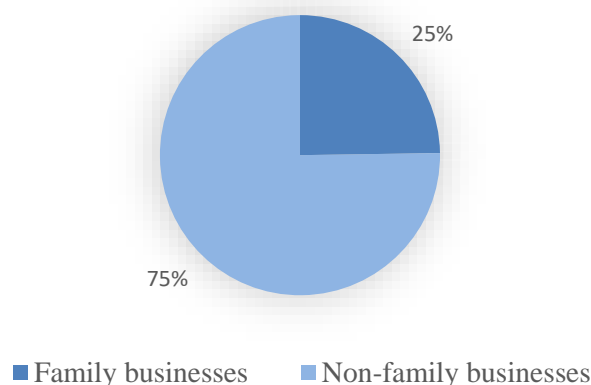
- a) *'The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.*
- b) *The majority of decision-making rights are indirect or direct.*
- c) *At least one representative of the family or kin is formally involved in the governance of the firm.*
- d) *Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25% of the decision-making rights mandated by their share capital.'*

Classifications used to distribute active family businesses in Bulgaria are the Statistical classification of economic activities in the European Community (NACE Rev. 2) and Classification of Territorial Units for Statistics in Bulgaria (NUTS).

General Review of the Family Businesses in Bulgaria

In 2015 there were 103 365 active family enterprises which are 25% of all active enterprises at the territory of the country (Figure 1).

Figure 1. Share of active family enterprises in 2015

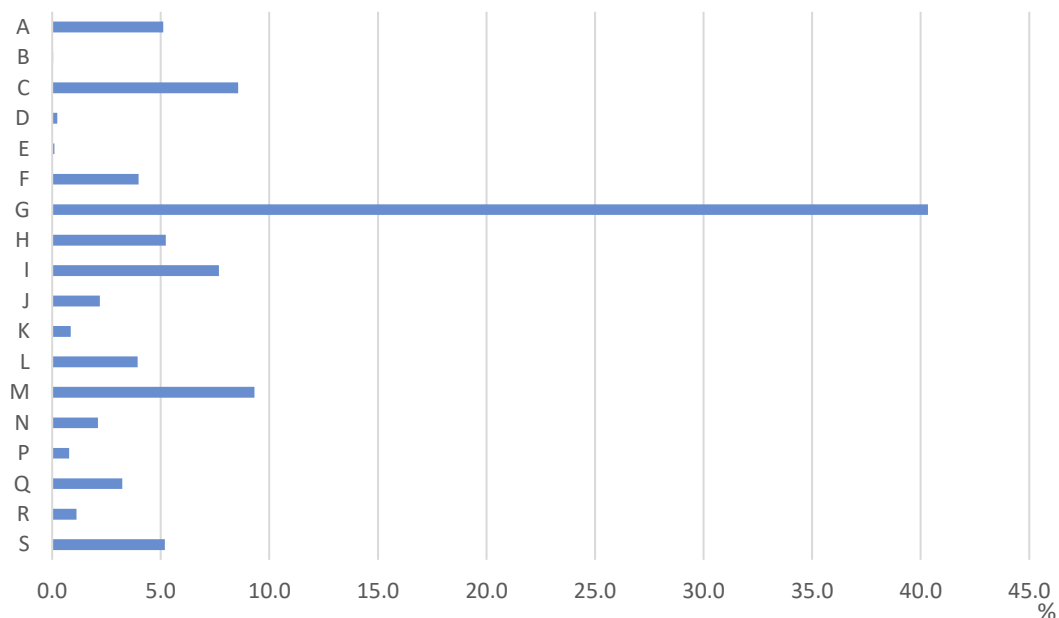


The survey results show that the value added of family businesses in Bulgaria to GDP is 10.5%. The share of employment in family businesses is 16.23% of the total employment in the country. The share of family companies of the total turnover of all companies in the country is 12.42%.



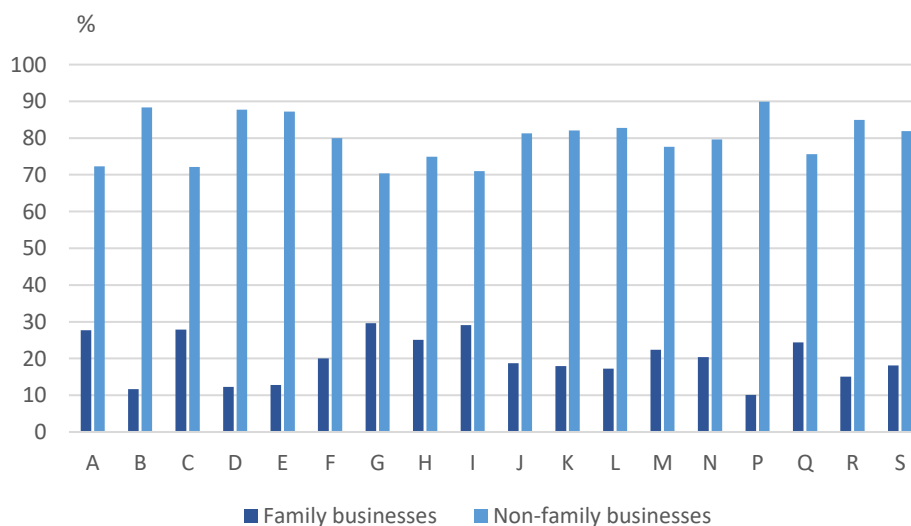
Family businesses operate in all NACE Rev.2 economic sectors. The structure of family enterprises by economic sectors is given in Figure 2.

Figure 2. Distribution of Family Businesses by Economic Sectors (NACE Rev.2)



In 2015, the highest share of family enterprises is in sector G - ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ with 40.3% (41 694 enterprises). The next two sectors with high share of family enterprises are sector M - ‘Professional, scientific and technical activities’ with 9.3% and C - ‘Manufacturing’ with 8.6%. At the same time the smallest share of family businesses is in sector B - ‘Mining and quarrying’ with less than 0.1%. Distribution of Family and Non-family businesses by Economic Activity Sectors is given in Figure 3.

Figure 3. Distribution of Family and Non-family businesses by Economic Sectors



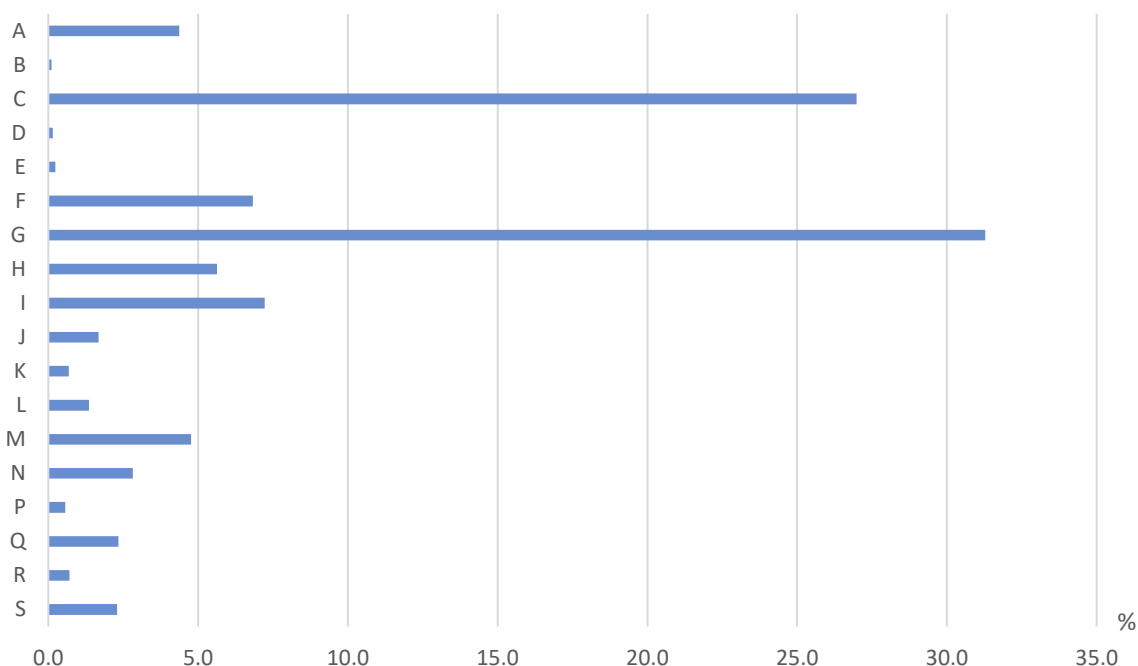


As shown in Figure 3, the share of family businesses among non-family companies is smaller for all activity sectors. The family business is around 30% in four NACE sectors: A - ‘Agriculture, forestry and fishing’ (28%), C - ‘Manufacturing’ (28%), G - Wholesale and retail trade; repair of motor vehicles and motorcycles (30%) and I - Accommodation and food service activities (29%).

Employment for Family Businesses in Bulgaria

In 2015, the persons employed in Family businesses are 399 414. The results of the study show that in sector G - ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ are employed 31.3% persons. In sector C - ‘Manufacturing’ there are 27.0% and in sector I - ‘Accommodation and food service activities’ respectively 7.2% and in sector F - ‘Construction’ 6.8% (Figure 4).

Figure 4. Distribution of persons employed in Family Businesses by Economic Sectors (NACE Rev. 2)

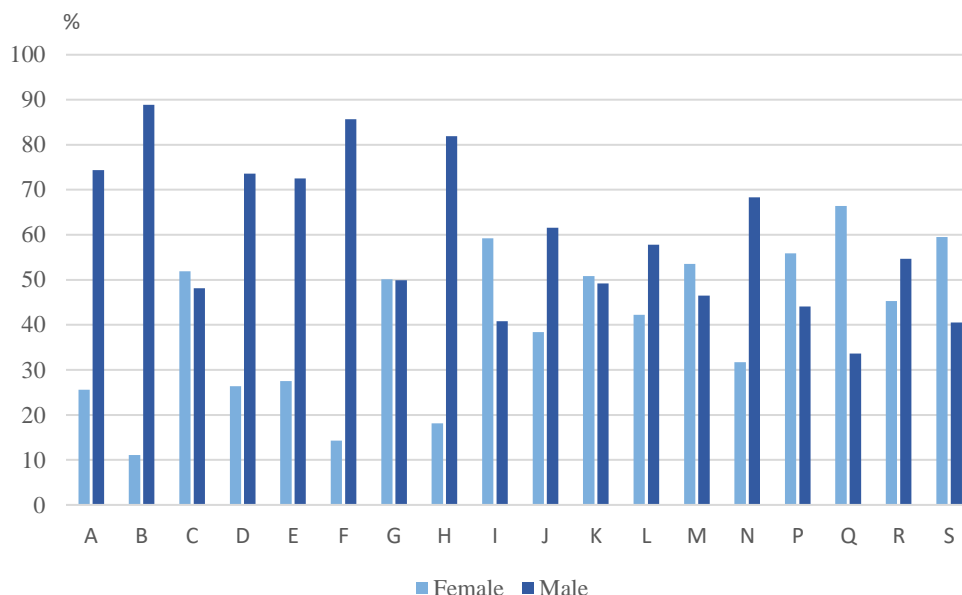


The number of enterprises and relevant employment, categorized by NACE Rev. 2 economic sectors are given in the Annex, Table 1.

The result of the Family business study in 2015 show that the employment by gender is female - 45.7%, compare to 54.3% - male. The share of female managers is 39%, and 61% - male. The structure of persons employed by family business by gender and economic activities is given in Figure 5.



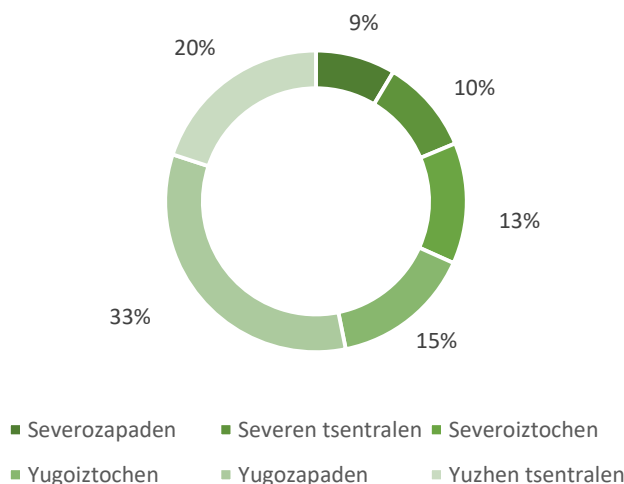
Figure 5. Structure of Persons Employed in Family Businesses by Gender and Economic Activity Sectors



Geographical distribution of the family business in Bulgaria

The geographical distribution of the family business in Bulgaria on NUTS, level 2 is presented in Figure 6. In statistical region Yuzhen tsentralen are located around 20.0% and in Yugoiztochen 15.1%. The regions with the lowest number of family businesses are Severozapaden - (8 867), Severen tsentralen - (10 488) and Severoiztochen (13 420). Unsurprisingly, the largest share of family businesses around 33.2%, or 34 322 companies, are located within the Yugozapaden region of Bulgaria, where Sofia is located, the capital of Bulgaria.

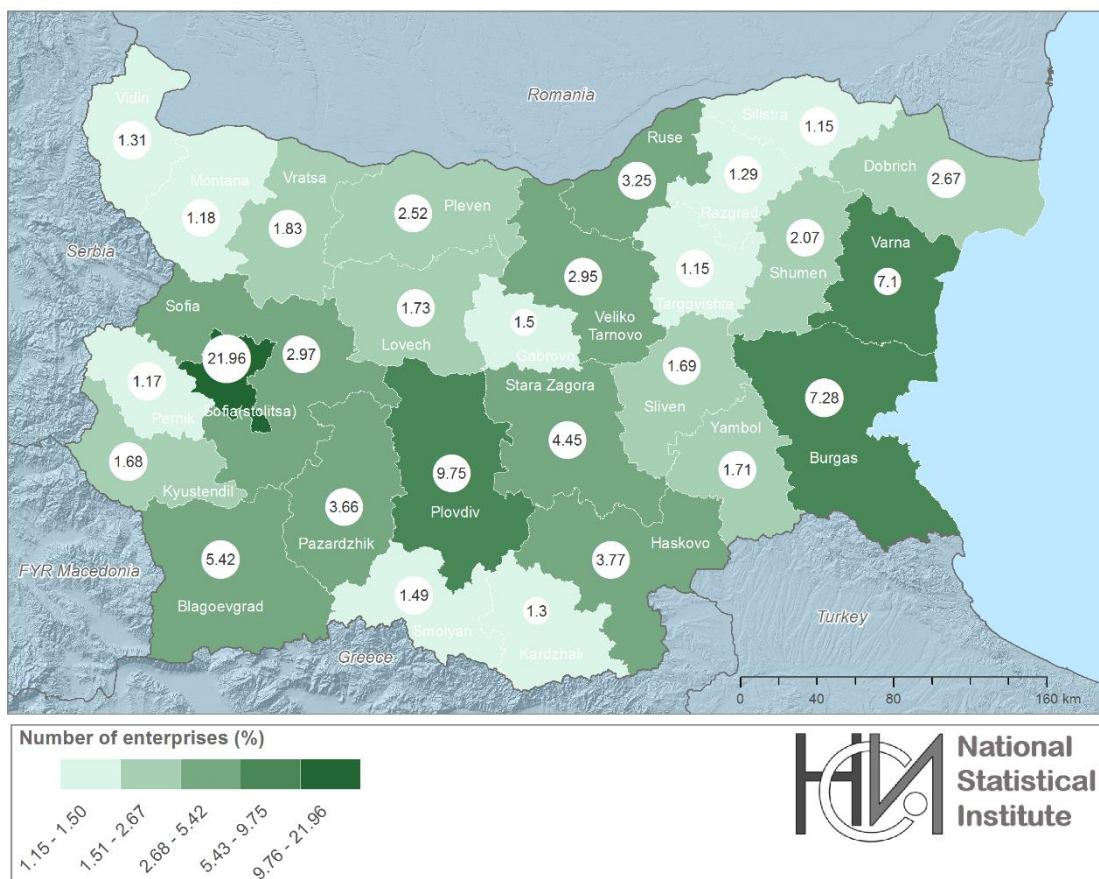
Figure 6. Distribution of family businesses by statistical region (NUTS2)





The geographical distribution of the family business in Bulgaria on NUTS, level 3, so called statistical districts, is presented in Figure 7.

Figure 7. Distribution of family businesses by statistical district



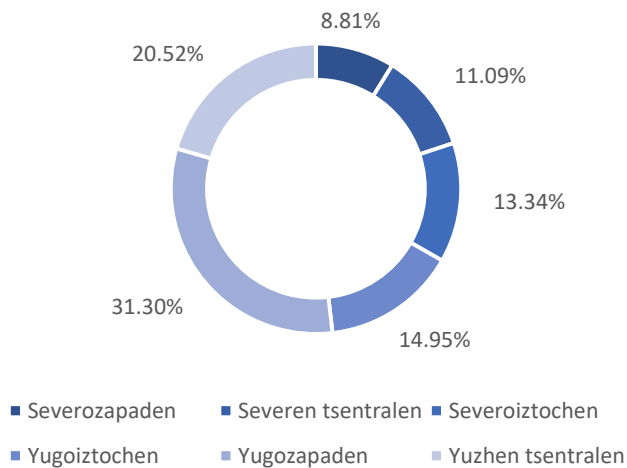
Number of family enterprises is the biggest in the district Sofia - stolitsa (22 704), where is situated the capital of Bulgaria, or 21.96% of the total number of family businesses in the country are concentrated there. In district Plovdiv, the share of family businesses is 9.75% (enumerated 10 073), in district Burgas 7.28% (or 7 520 number) and in district Varna is 7.1% (or 7 334).

The smallest share of family business is 1.15% in two districts: Silistra and Targovishte. With small share of family business are also district Pernik (1.17%), Montana (1.18%), Razgrad (1.29%), Kardzhali (1.3%), Vidin (1.31%) and Smolyan (1.49%).

As result of the study, the NSI of Bulgaria also analyzed the **employment in family businesses** by statistical regions (NUTS, level 2). Distribution of employment in family businesses by statistical regions is presented in Figure 8. The share of persons employed by the family businesses is highest in Yugozapaden region (31.3%). In statistical region Yuzhen tsentralen is 20.5%, Yugoiztochen (14.9%), Severoiztochen (13.3%), Severen tsentralen (11.1%) and Severozapaden (8.8%). The numbers of persons employed in family businesses is highest in Yugozapaden region (124 815) and lowest in Severozapaden region (35 175).

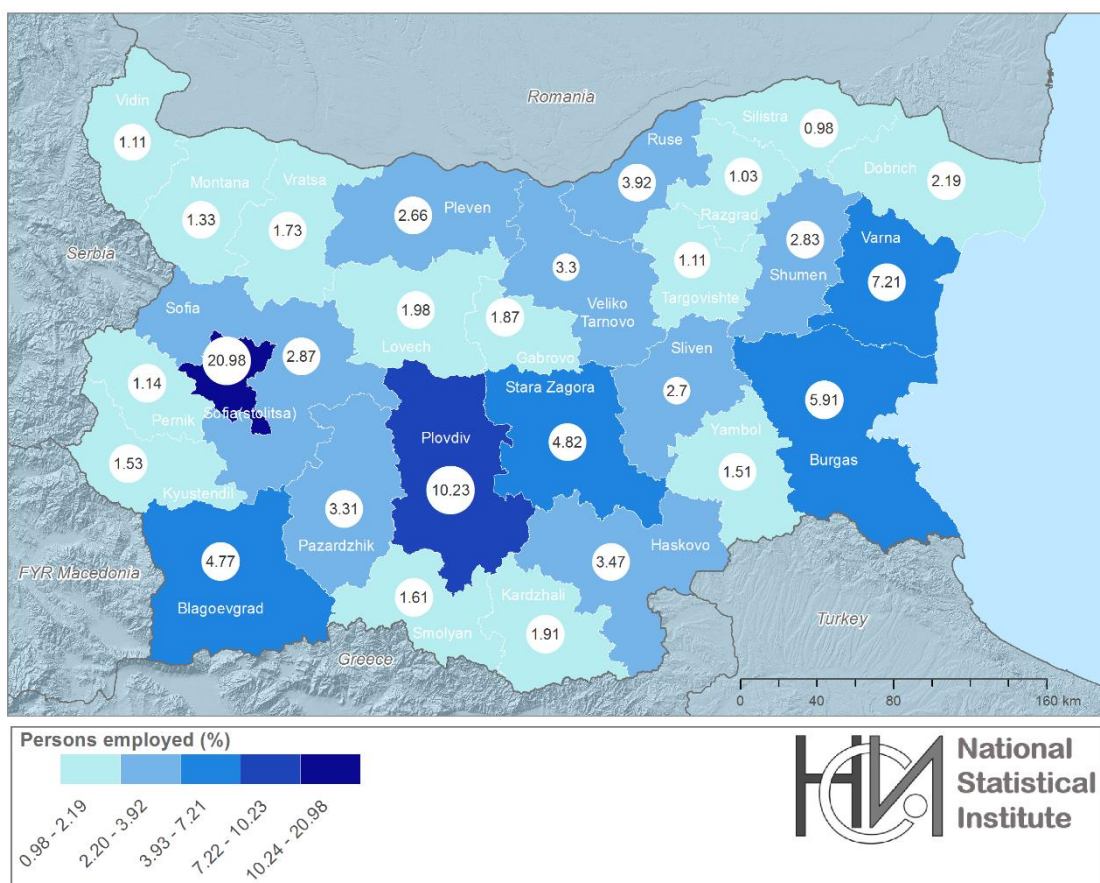


Figure 8. Distribution of employment in family businesses by statistical region



The geographical distribution of persons employed in family business on NUTS, levels 3 is presented in Figure 9.

Figure 9. Distribution of persons employed in Family Businesses by statistical district



Almost 50% of persons employed in family businesses are concentrated in five statistical districts: Sofia (stolitsa) with 83 785 number of persons employed, Plovdiv with 40 842, Burgas with 23 607, Varna with 28 792 and Blagoevgrad with 19 064 persons employed.

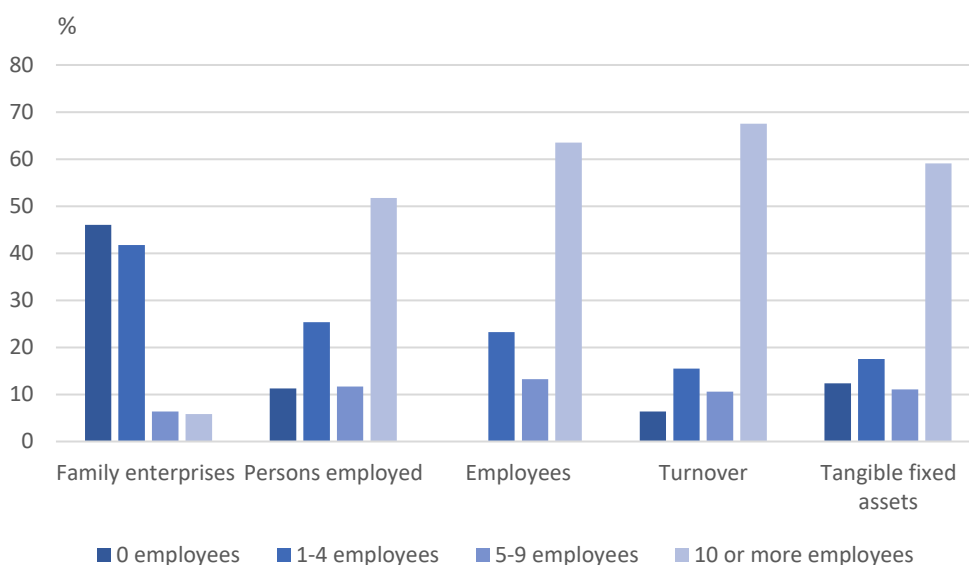
The smallest share of employment in family businesses is in the following districts: Silistra (0.98%) with 3 901 persons employed, Razgrad (1.03%) with 4 109 persons employed, Targovishte (1.11%) with 4 422 persons employed, Vidin (1.11%) with 4 440 and Pernik (1.14%) with 4 540 persons employed.

Under 2% is the share of persons employed in family businesses also in the districts: Montana (1.33%) with 5 330 persons employed, Yambol (1.51%) with 6 022 persons employed, Kyustendil (1.53%) with 6130 persons employed, Smolyan (1.61%) with 6 423 and Kardzhali (1.91%) with 7 632 persons employed in family businesses.

The number of enterprises and relevant employment, categorized by NUTS, level 2 and level 3 are given in the Annex, Table 2.

The economic significance of Family businesses in Bulgaria within employees' size-class is summarized in Figure 10, where is given information on share of family businesses in each employees' size-class in terms of Family enterprises, persons employed and employees in family enterprises, Turnover and Tangible fixed assets.

Figure 10. Share of family businesses main indicators, by employees' size-class



As is shown on the Figure 10, the share of active family enterprises with zero employees is the largest population of all active family enterprises in 2015. Their number is 47 548 family enterprises that is 46% of all active family enterprises. There are 43 167 family enterprises in the '1 - 4 employees' group that is 42%. The family enterprises in the '5 - 9 employees' and '10 or more employees' groups are the smallest with 6% each. Nevertheless, that the share of family enterprises in '10 or more employees' size-class group is the smallest one, these family businesses have the heist share in term of persons employed (52%), employees (64%), Turnover (68%) and tangible fixed assets (59%).

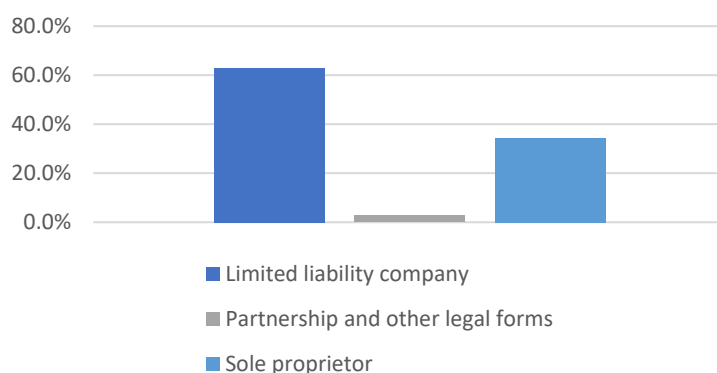


The share of persons employed by family businesses in the second size-class group ‘1 - 4 employees’ is 25%. The share of turnover for this employees’ size-class is 16% and share of tangible fixed assets 18%.

The share of persons employed by family businesses in the third size-class group ‘5 - 9 employees’ is 12%. The share of turnover for this employees’ size-class is 11% and share of tangible fixed assets 11%.

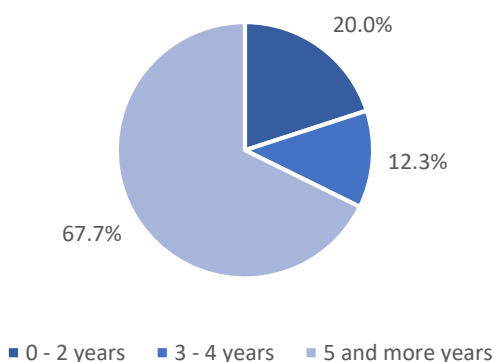
Active family businesses in 2015, distributed by type of legal form are illustrated in Figure 11. The three types of legal form that were used are as follows: ‘Limited liability company’, ‘Partnership and other legal form’ and ‘Sole proprietor’. The population of ‘Limited liability company’ includes private or publicly quoted joint stock companies with limited liability for those owning shares. The ‘Partnership and other legal form’ are personally owned limited and unlimited liability partnerships and also other legal forms such as cooperatives, associations etc. The ‘Sole proprietor’ includes personally owned and no limit to personal liability.

Figure 11. Structure of family businesses by legal form



Finally, the NSI analyzed Family businesses in Bulgaria according **the age of the family enterprise**. There were defined three-age size-class: ‘0 - 2 years’, ‘3 - 4 years’ and ‘5 and more years’. The biggest share of active family enterprises is for the enterprises aged ‘5 and more years’ (67.7%). The first generation family businesses that are in age size-class ‘0 - 2 years’, enumerate 20 667 family enterprise (20%). Distribution of Family businesses by age size-class is given in Figure 12.

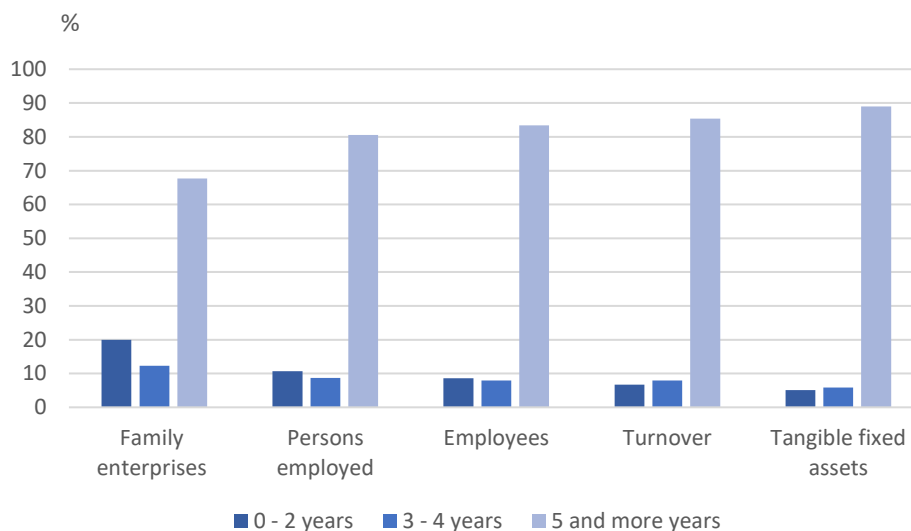
Figure 12. Structure of Family businesses by age size-class





The Family businesses in Bulgaria within age size-class is summarized in Figure 13, where is given information on share of family businesses in each age size-class in terms of Family enterprises, persons employed and employees in family enterprises, turnover and tangible fixed assets. The biggest is share of persons employed (80.6%), employees (83.4%), turnover (85.4%) and tangible fixed assets (89.0%) for family enterprises in age size-class '5 and more years'.

Figure 13. Share of family businesses main indicators by age size-class





Methodological notes

Number of active enterprises is the number of registered legal entities or individuals who have had turnover or employees in the reference year.

Employees are persons who work for an employer (for legal entities registered or individuals) receive payment in the form of salaries and are socially insured on the basis of an employment contract. The employment contract can be for a definite or indefinite period of time, full time or part time.

Number of persons employed is defined as the total number of persons who work in the observed enterprise (for payment or not), as well as persons who work outside, but are paid by it (e.g. sales representatives).

Classification of Economic Activities (NACE Rev. 2)

A	Agriculture, forestry and fishing
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
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities

Employee size class

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



ANNEX

Table 1.

FAMILY BUSINESSES AND EMPLOYMENT BY NACE REV.2 ECONOMIC SECTORS

NACE Rev. 2		2015					
		Enterprises		Persons employed		Employees	
		Number	%	Number	%	Number	%
A	Agriculture, forestry and fishing	5286	5,1	17446	4,4	12922	4,0
B	Mining and quarrying	50	0,0	432	0,1	408	0,1
C	Manufacturing	8851	8,6	107760	27,0	101477	31,7
D	Electricity, gas, steam and air conditioning supply	239	0,2	597	0,1	454	0,1
E	Water supply; sewerage, waste management and remediation activities	108	0,1	917	0,2	841	0,3
F	Construction	4111	4,0	27280	6,8	24570	7,7
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	41694	40,3	124951	31,3	91414	28,6
H	Transportation and storage	5413	5,2	22493	5,6	18569	5,8
I	Accommodation and food service activities	7931	7,7	28846	7,2	22433	7,0
J	Information and communication	2271	2,2	6687	1,7	5070	1,6
K	Financial and insurance activities excluding activities of holding companies (NACE Rev.2 642)	876	0,8	2727	0,7	2110	0,7
L	Real estate activities	4065	3,9	5437	1,4	2941	0,9
M	Professional, scientific and technical activities	9622	9,3	19013	4,8	11769	3,7
N	Administrative and support service activities	2182	2,1	11271	2,8	9803	3,1
P	Education	809	0,8	2258	0,6	1674	0,5
Q	Human health and social work activities	3341	3,2	9331	2,3	6429	2,0
R	Arts, entertainment and recreation	1160	1,1	2815	0,7	2043	0,6
S	Other service activities	5356	5,2	9153	2,3	4894	1,5
	Total	103365	100,0	399414	100,0	319821	100,0

Table 2

FAMILY BUSINESSES AND EMPLOYMENT BY NUTS, LEVEL 2 AND LEVEL 3

NUTS	2015					
	Persons employed		Employees		Family enterprises	
	Number	%	Number	%	Number	%
Severozapaden	35175	8,81%	28288	8,84%	8867	8,58%
Vidin	4440	1,11%	3433	1,07%	1353	1,31%
Montana	5330	1,33%	4325	1,35%	1222	1,18%
Vratsa	6894	1,73%	5379	1,68%	1890	1,83%
Pleven	10621	2,66%	8518	2,66%	2607	2,52%
Lovech	7890	1,98%	6633	2,07%	1795	1,74%
Severen tsentralen	44292	11,09%	36033	11,27%	10488	10,15%
Veliko Tarnovo	13169	3,30%	10605	3,32%	3054	2,95%
Gabrovo	7464	1,87%	6317	1,98%	1550	1,50%
Ruse	15649	3,92%	13129	4,11%	3355	3,25%
Razgrad	4109	1,03%	3005	0,94%	1336	1,29%
Silistra	3901	0,98%	2977	0,93%	1193	1,15%
Severozitochien	53281	13,34%	42447	13,27%	13420	12,98%
Varna	28792	7,21%	22962	7,18%	7334	7,10%
Dobrich	8756	2,19%	6677	2,09%	2765	2,67%
Shumen	11311	2,83%	9361	2,93%	2135	2,07%
Targovishte	4422	1,11%	3447	1,08%	1186	1,15%
Yugoiztochen	59703	14,95%	47082	14,72%	15634	15,13%
Burgas	23607	5,91%	17680	5,53%	7520	7,28%
Sliven	10804	2,70%	9371	2,93%	1748	1,69%
Yambol	6022	1,51%	4575	1,43%	1768	1,71%
Stara Zagora	19270	4,82%	15456	4,83%	4598	4,45%
Yugozapaden	124999	31,30%	100447	31,41%	34322	33,20%
Sofia (stolitsa)	83785	20,98%	68069	21,28%	22704	21,96%
Sofia	11480	2,87%	9040	2,83%	3072	2,97%
Blagoevgrad	19064	4,77%	14784	4,62%	5601	5,42%
Pernik	4540	1,14%	3652	1,14%	1206	1,17%
Kyustendil	6130	1,53%	4902	1,53%	1739	1,68%
Yuzhen tsentralen	81964	20,52%	65524	20,49%	20634	19,96%
Plovdiv	40842	10,23%	32811	10,26%	10073	9,75%
Haskovo	13844	3,47%	10689	3,34%	3900	3,77%
Pazardzhik	13223	3,31%	10206	3,19%	3779	3,66%
Smolyan	6423	1,61%	5249	1,64%	1535	1,49%
Kardzhali	7632	1,91%	6569	2,05%	1347	1,30%
Total	399414	100,00%	319821	100,00%	103365	100,0%