

Methodological notes

Introduction

Structural Business Statistics (SBS) provides information for describing the economy through the observation of enterprises, classified on economic activities. The results allow comparisons of business activities inside the countries and between them and present the economic evolutions of market activities by year. The SBS data could also be used as a tool for economic analysis, for other surveys and for policy-making.

Structural Business Statistics survey is a census mandatory annual survey, included in the National Statistical Programme and in the 5 year Strategy for Development of the National Statistical System of the Republic of Bulgaria. According to article 20 (1) of the Law on Statistics all units, carrying out economic activity are obligated to participate mandatory to all surveys listed into the National Statistical Programme, including SBS, and to provide the required data to the National Statistical Institute and Bodies of Statistics.

Purpose of the statistical survey

The purpose of structural business statistics is to monitor the activity of enterprises and to assure internationally comparable data. The calculated indicators enable the analysis of events and structural changes in the business population and provide basic information for preparing market analyses and making business decisions in the enterprises. In addition, they are the basis for the calculation of gross domestic product and the estimation of basic macroeconomic categories of national accounts.

Observation units

SBS describes the economy through the observation of enterprises carrying out one or more activities at one or more locations and producing goods or services for third parties. They are defined in line with the requirements of Council Regulation No 696/93 on the statistical units for the observation and analysis. In the Bulgarian statistical practice, only one legal unit is responsible for a given enterprise i.e. legal unit coincides with the enterprise. Turnover is the variable for determination the principal activity of the enterprise classified at class level (4-digits) according to NACE.BG-2003.

Coverage

The observed population includes all enterprises, irrespective of their legal form and size, which are carrying out market activities and are classified in Sections C to K and M to O of NACE.BG - 2003. The coverage of the SBS survey is according to the requirements of Council Regulation (EC, Eurotom) No 58/97 which is regulating base for conducting the survey and includes the following Annexes: 'Common Module', 'Industry', 'Distributive Trade' and 'Construction'.

Data on SBS are compiled and sent to Eurostat from non-financial enterprises classified of NACE.BG – 2003 in sections **C to I and section K**. It is foreseen the development of methodology for the preparation of SBS indicators from non-financial enterprises carrying out market activities and classified in sections M, N and O.

Financial intermediations (section J) are kept separate because of their specific nature. The financial Annexes for 'Insurance', 'Credit institutions' and 'Pension funds' are compiled in 'Macroeconomic statistics' department by receiving the information from other institutions: Bulgarian National Bank and Financial Supervision Commission.

SBS does not cover: Agriculture, hunting and forestry (section A), Fishing (section B) and Public administration and defence; compulsory social security (section L).

Reference period

The period covered from the SBS survey is a financial year which in Bulgaria is equal to a calendar year, called - reference period. The annual SBS questionnaires are compulsory for enterprises and cover a current period from 1 January to 31 December.

Classifications used

National Classification of Economic Activities (**NACE.BG-2003**) is used for the compilation of Structural Business Statistics data. The applied coding system coinciding with European classification of economic activities - NACE Rev.1.1 and the lowest level of breakdown is class (4-digit code).

Before the accession of Bulgaria to the European Union the codes and groups of the districts in planning regions were different than the currently used. The National Classification of the Territorial Units for statistical purposes is used according to the requirements of Regulation (EC) № 176/2008 for the preparation of regional SBS data series for the reference year 2007. The links between national level and European NUTS classification are as follows:

- NUTS 0 - country (Bulgaria);
- NUTS 1 - North and South-east Bulgaria
South-west and South-central Bulgaria
- NUTS 2 - planning region;
- NUTS 3 – district.

In the country, there are six planning regions (NUTS 2) and twenty-eight districts (NUTS 3). For national purposes, two more classification levels exist -263 municipalities (LAU 1) and 534 settlements (LAU 2).

National Product Classification by activity (CPA.BG-2003) is used for the purposes of SBS data compilation which is a direct application of European CPA. It is used for the compilation of Multi yearly data series under the terms of the requirements of Annex III for the Distributive trade.

All applied classifications for the compilation of SBS data are in accordance with the European standards.

Sources for compilation of SBS data

Statistical survey

The preliminary and definitive SBS information is collected in the framework of SBS survey through a set of accounting and statistical questionnaires. Two types of questionnaires are used with different complexity (number of surveyed variables), depending on the size of the enterprises and their type of book-keeping system:

- "Annual Report of the non-financial enterprises, compiling balance" – detailed questionnaire prepared in NSI and filled by enterprises with double entry book keeping system (mostly large and medium sized);
- "Annual Report of the non-financial enterprises, non-compiling balance sheets - simplified questionnaire provided mostly by the enterprises with single entry book-keeping.

Statistical Business Register

The frame population for SBS survey is derived from the Statistical Business Register, called 'Register of Statistical Units'. The rules for access to this register are laid down in inner regulation, according to which keeping the confidential policy is safeguarded. Its coverage is comprehensive, containing all public and private units, classified by economic activities at the class level (4-digit).

Administrative sources

According to the Law on Statistics 'Administrative source' is a register or information system created by law, containing information for the objects of the statistical surveys. So far, administrative data are not directly used for the compilation of SBS variables. They are used for the identification of active enterprises and for the imputation of non-respondents. In the future, we are planning to study the possibility of wider use of the administrative data sources in the production of business statistics.

Regulations

Until the reference year 2007 the legal framework for the preparation of SBS survey is covered by the Council Regulation (EC) No 58/97, concerning structural business statistics. It includes four non-financial annexes ('Common Module', 'Industry', 'Distributive trade' and 'Construction') which data are made by the corresponding division of Business Statistics Department. SBS data sets on financial annexes, are compiling by "Microeconomic Statistic" Department from the information received by National Bank and Financial Supervision Commission.

The prepared SBS variables and their characteristics are in accordance with the requirements of Commission Regulation (EC) No 2700/98. Their performance by economic activity, size class and territorial units is under Commission Regulation (EC) № 2701/98 concerning the series of data.

The Council Regulation (EC) No 58/97 has been amended and supplemented many times. As a new amendment was needed, it was decided to recast this Regulation in order to obtain a new 'clean' legal text.

From the reference year 2008 are applicable the provisions of the European Parliament and Council Regulation No 295/2008 and four implementing it:

- Commission Regulation (EC) No 251/2009 as regards the series of data to be produced for structural business statistics and the adaptations necessary after the revision of the statistical classification of products by activity (CPA);
- Commission Regulation (EC) No 250/2009 as regards the definitions of characteristics, the technical format for the transmission of data, the double

reporting requirements for NACE Rev.1.1 and NACE Rev.2 and derogations to be granted for structural business statistics;

- Commission Regulation (EC) No 97/2009 as regards the use of the flexible module;
- Draft Commission as regards the criteria for the evaluation of the quality of structural business statistics.

Confidentiality

The national rules of primary confidentiality are defined under the Law on Statistics and fully meet the Eurostat requirements. SBS applies two criteria according to which the statistics cannot be released:

- criterion A – the total of the information is calculated from 1 or 2 statistical units;
- criterion B - one enterprise dominated more than 85% of the total value of given variable.

The Primary confidentiality of the SBS data are identified through the computer program and all confidential variables are marked with A or B flags and provided to Eurostat. The Secondary confidentiality treatment of the SBS data series is carried out by Eurostat and validated by the expert in Business Statistics Department. According to the requirements of SBS recast Regulation the secondary confidentiality treatment for the reference year 2008 onwards will be made in the Head Office of the NSI.

Main economic indicators

Number of enterprises

Includes all enterprises that are carried out market activity during the reporting period, have submitted the respective annual report of their activities and are entered in the Register of Statistical Units (RSE). Also includes the existing foreign controlled enterprises. Temporarily inactive (inactive during the reference period) and permanently inactive units are not included here.

Turnover

Includes the value of all revenue from sales of own products, bought and sold in the same condition goods, services provided and raw materials sold, including accrued excise duties, that are invoiced during the reference period. It does not include the amount of revenue from sales of fixed assets, income from financing and also revenue classified as financial or extraordinary. In the turnover value are not included taxes on the type of value added tax (VAT) which are charged to the end user.

Production value

Includes the value of turnover, reduced by the balance sheet of assets sold without own fixed assets. It also includes changes in stocks of products and work in progress, and the amount of incurred expenditure for the acquisition of assets by economic means.

Value added at factor cost

Includes the production value, deducted by the amount of excise duty and the cost of operating activities, without these of staff and are added financing revenues.

Purchase of goods and services

Includes the value of all purchased during the reference period, goods and services intended for production use, resale in the same condition or stock.

Personal costs

Includes the value of all remuneration and insurance contributions of employees payable by the employer during the reference period. It also includes the mandatory and voluntary insurance contributions of employers.

Number of persons employed

These are all persons employed working in a given enterprise of full or part time, including seasonal and home workers. It does not include those absent for an unlimited time, as well as those provided under contract by other enterprises.

Quality of the data

All Variables, collected from the enterprises through different questionnaires and used for the compilation of SBS data, underwent appropriate quality checks at regional and at national level. The following types of checks are applied in order to achieve high quality of the final result:

- routing, arithmetic and logical checks in the process of data entry, controlling completeness of enterprise's data, etc;
- relations checks between the value of a given variable and the identified economic activities of enterprises, belonging to NACE at class level;
- detection of irrelevant indicators outside defined bounds or incomparable data with regard to the previous years' results;
- comparisons with data from other surveys conducted by NSI for example Short-term surveys, PRODCOM survey and External trade survey.

In accordance with the requirements of Commission Regulation (EC) No 1618/1999 and under the European standards every year is prepared report for the quality evaluation of SBS data.

Accessibility and clarity

The SBS data are available to all interested users and published on the NSI website in accordance with the deadlines set in the Release Calendar of statistical surveys. Some key indicators accompanied with relevant explanatory notes, are published in the Statistical Reference Book and Statistical Yearbook. For the quick satisfaction of different user requirements, in the Business Department of NSI a database is built, containing both micro and predefined tables with the appropriate aggregations of different criteria.

Main users

The main users of SBS data are:

- institutions at European level - Eurostat and other Directorates General of the European Commission;
- institutions at national level – the Ministry of economy and other government bodies; the National Bank and other financial institutions;
- scientific institutes, universities, researchers and students;
- private non-profit organisations, agencies, business companies, media;
- other divisions and departments of NSI.

Level of harmonization

The Bulgarian practice, in the scope of Structural Business Statistics, is very closely compliant to the EU legal and methodological standards and the achieved level of harmonization has been evaluated as a very good. This is a result of the systematic work accomplished by all experts in Business Statistics Department, responsible for full implementation of the requirements and regulatory framework in the production of information.

Priorities

The main priorities in the future:

- further efforts to improve the efficiency of the work by making national survey well-organized and producing high quality information, useful for all users;
- reducing the burden of the respondent and continuing the collaboration with other institution maintains register or information system to exchange administrative data in order to implement a more efficient way for collecting data;
- increasing the availability of the produce information in the NSI website by regular updating and reconstruction of the existing data;
- presenting and disseminating the information in a clear and understandable form to keep users informed about all statistical processes;
- user satisfaction survey and regular consultation with the main users in order to control the relevance and practical efficiency of the existing information.

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