



BUSINESS DEMOGRAPHY (By 31st of December 2009)

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.

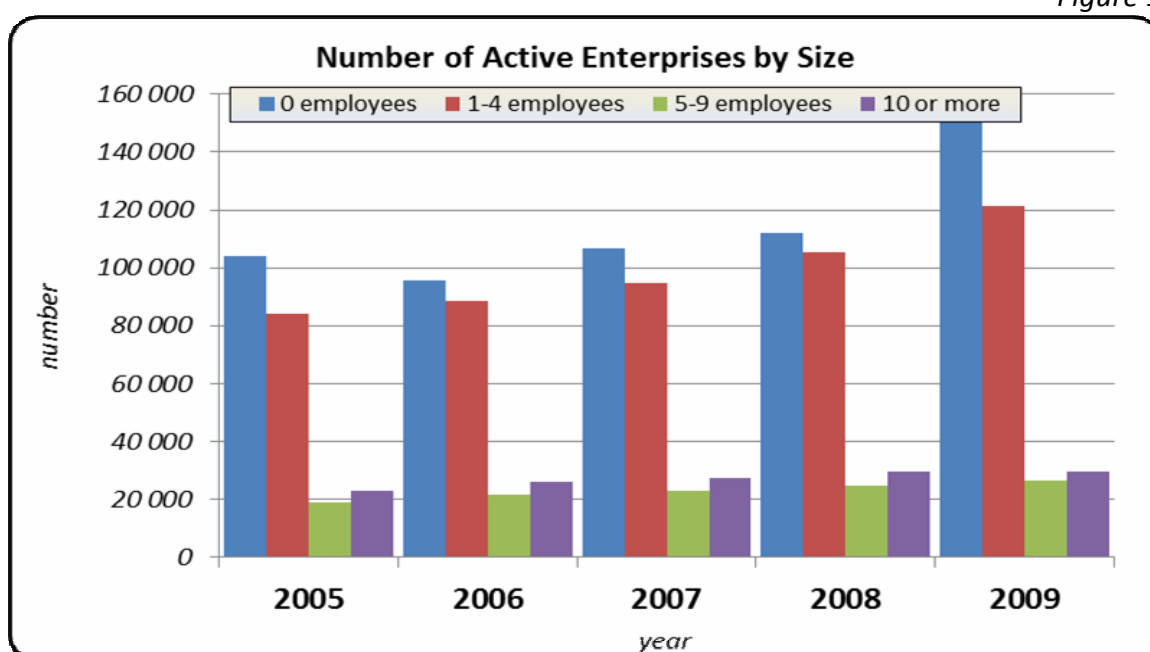
This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2009 and follows their dynamics for the 5 year study period.



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 2009 there were 327 647 active enterprises in Bulgaria which is almost 21% higher than the previous 2008.

Figure 1



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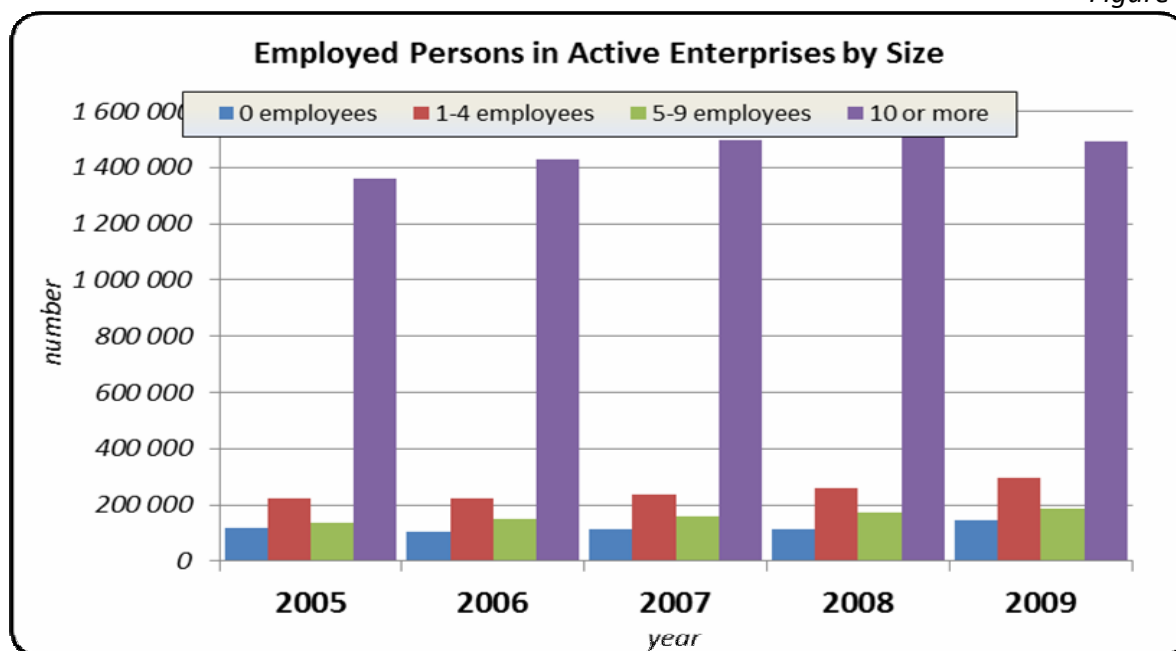
- B - Mining and quarrying
- C - Manufacturing
- D - Electricity, gas, steam and air conditioning supply
- E - Water supply; sewerage, waste management and remediation activities
- F - Construction
- G - Wholesale and retail trade; repair of motor vehicles and motorcycles
- H - Transportation and storage
- 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 2005-2009 period (see Figure 1). In 2009 their number is 150 245 or 45.9% of all active enterprises. The second largest group of enterprises have 1 to 4 employees with 121 242 enterprises or 37.0% of the total number for 2009. The group of enterprises with 5 to 9 employees has the lowest share of the total with 8.7%. The group of enterprises with 10 or more employees represents 10.3% of all active enterprises.

The number of employed in the latter group is 74.4% of all employed for the 2005-2009 period while the share of the enterprises in this group is only about 10.3% of all active enterprises. And vice versa the large number of enterprises with zero employees (43.4%) represents very small portion of the employed with about 5.9% of the total number of persons employed.

Figure 2

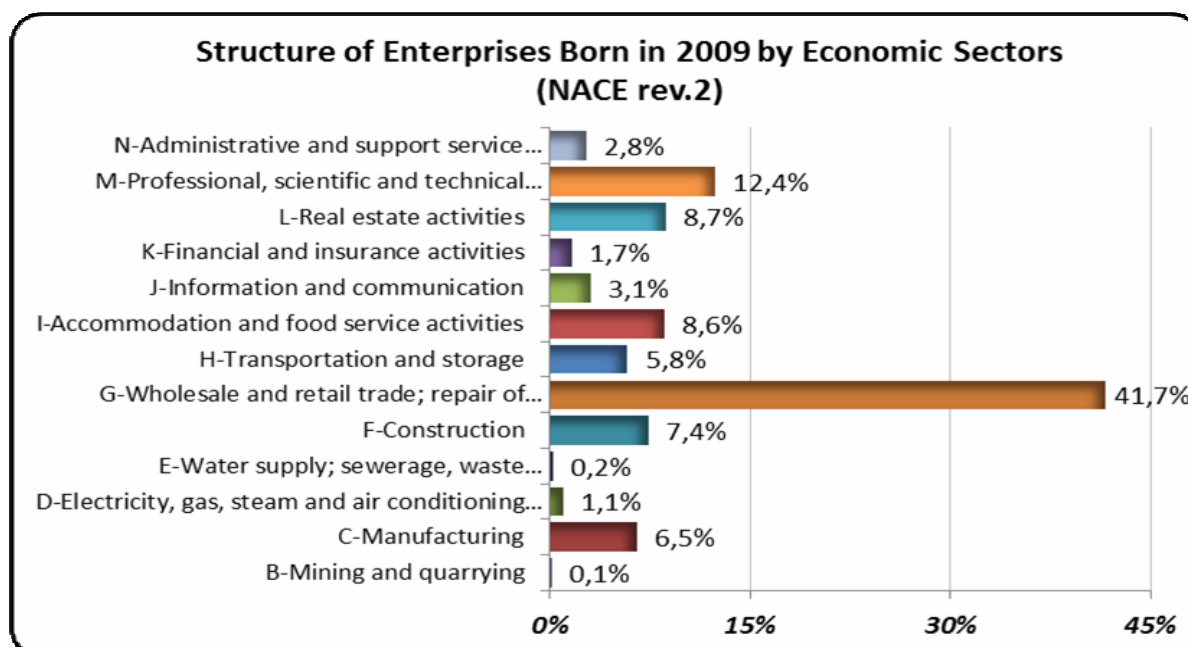


NEWBORN ENTERPRISES

Newborn enterprises in 2009 represent 17.6% of the total number of enterprises in the sectors considered. 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

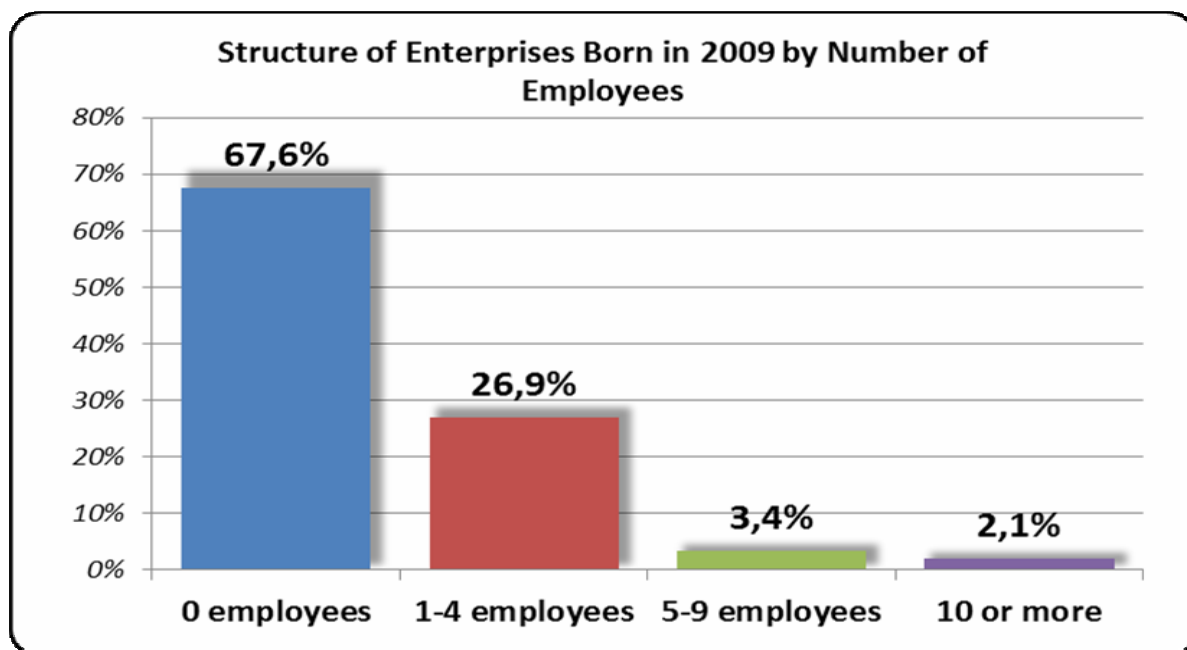


In 2005-2009 period the highest proportion of newborn enterprises is in sector G – „Wholesale and retail trade; repair of motor vehicles and motorcycles” with an average of 42.5% for the whole five year period. At the same time, the smallest proportion of newborn enterprises is in sector B - „Mining and quarrying” with an average of 0.1% for the whole period. This tendency also prevails during 2009 (see Figure 3). As a whole the structure of the newborn enterprises seems relatively stable during the five year period considered.

For 2005 - 2009 period the number of newborn enterprises that did not hire people was the highest. The group of newborn enterprises with zero employees in 2009 has 39 024 newborn enterprises, followed by the group with one to four employees with 15 554 enterprises. In the same year the number of newborn enterprises with 10 or more employees is the smallest with only 1 200 enterprises.



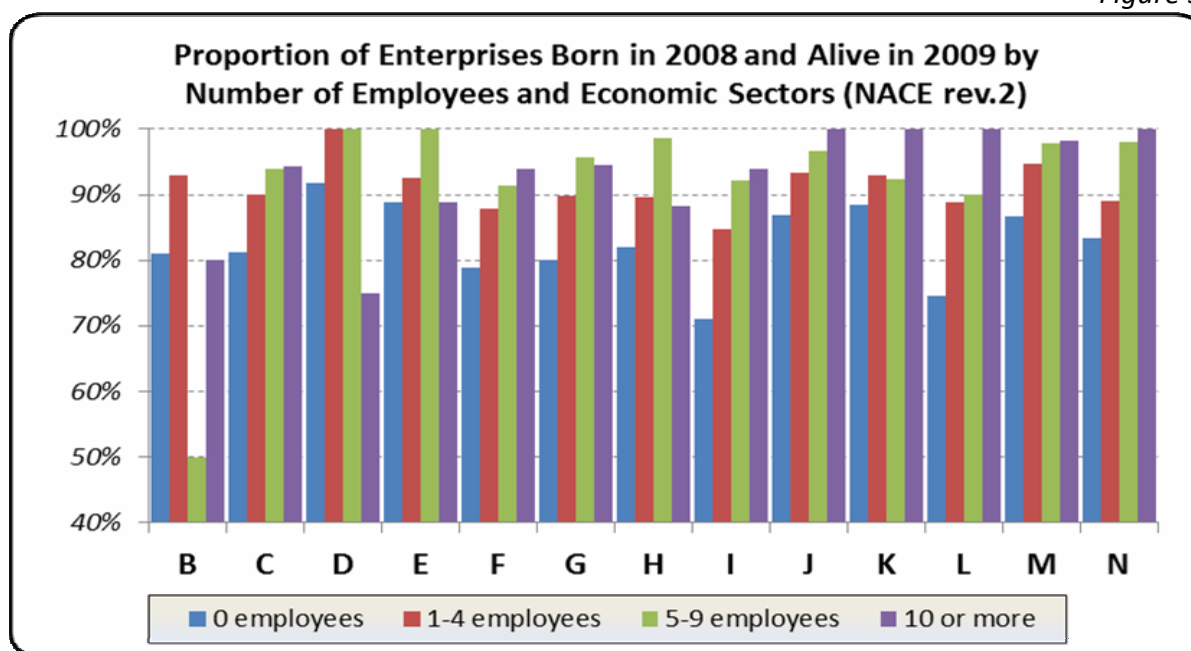
Figure 4



ALIVE ENTERPRISES

84% of enterprises born in 2008 survived during 2009 and for the group with 10 or more employees this share is almost 95%.

Figure 5

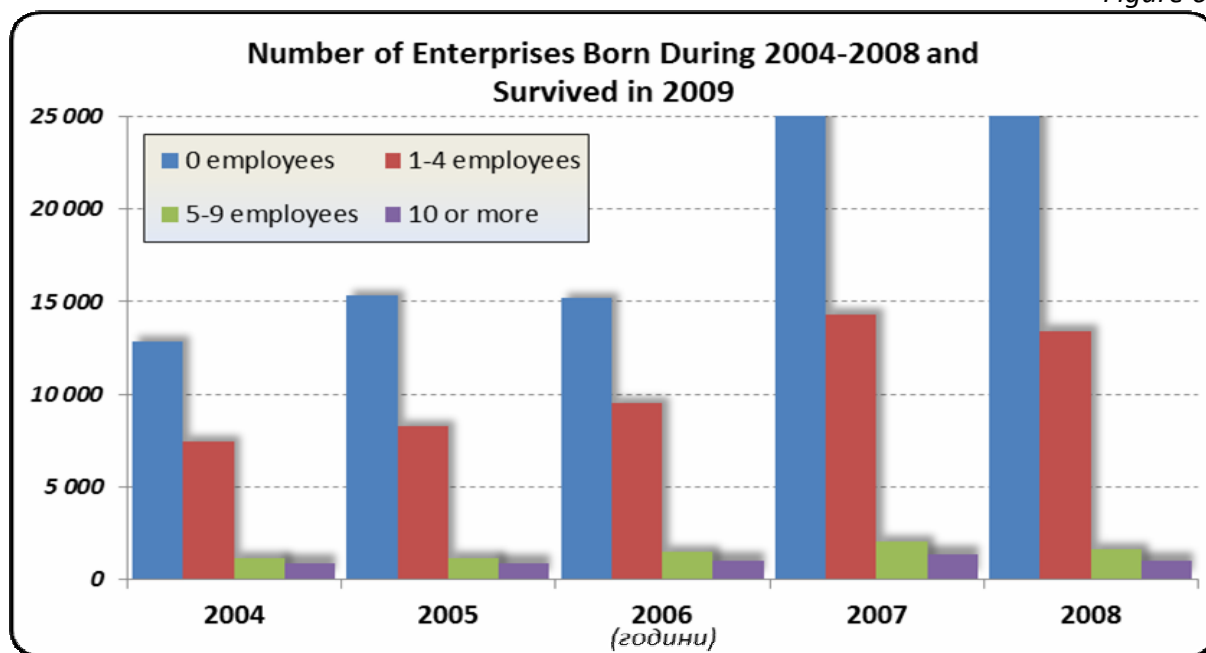




The number of newborn enterprises in 2008 is 49 287 from which 41 402 did survive in 2009. The sector with the highest survival rate is sector D – “Electricity, gas, steam and air conditioning supply” with 93% survival rate, while sector L - „Real estate activities“ has the lowest survival rate of about 77%.

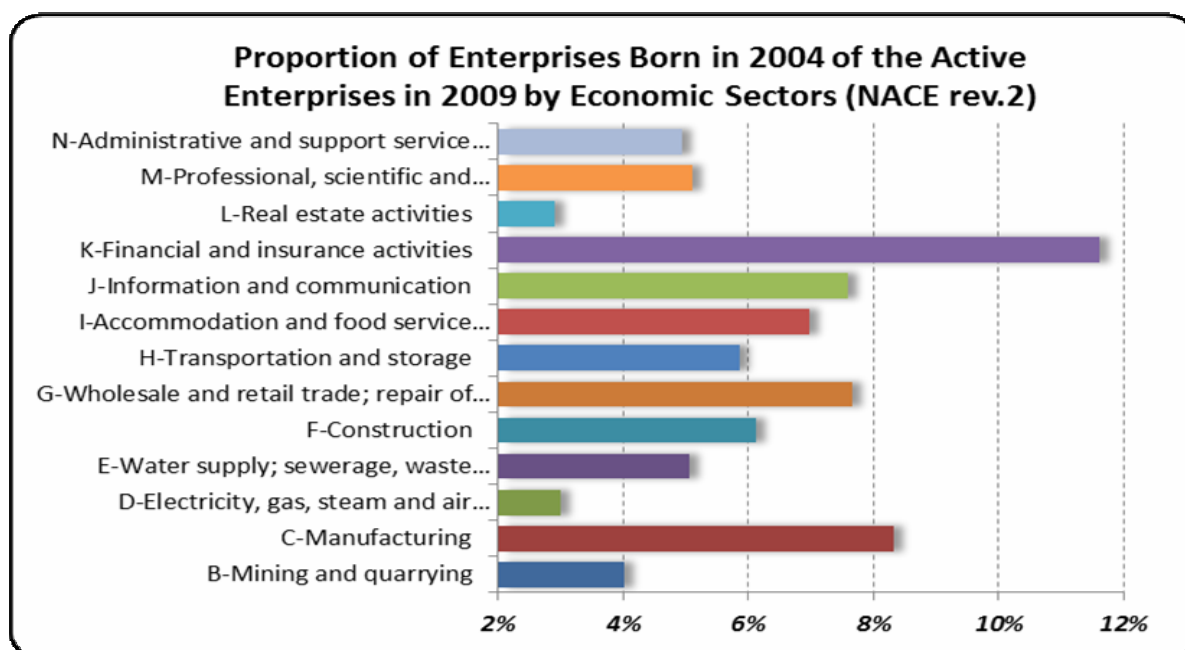
The further away from the year of birth the lower the number of survived enterprises of the „0 employees“ and „1-4 employees“ groups, while for the other two groups „5-9 employees“ and „10 or more employees“ this decrease is very slow and almost nonexistent (see Figure 6).

Figure 6



The share of enterprises born in 2004 and still active five year later in 2009 is a little over 6.8%.

Figure 7

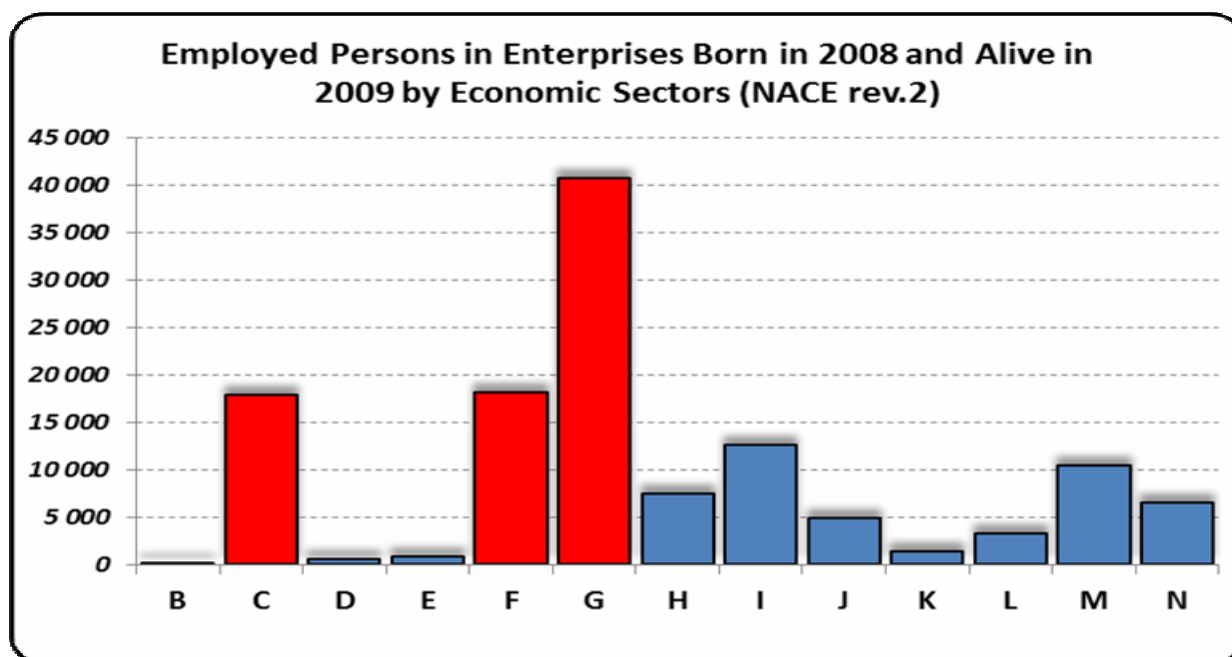




The most agile and stable enterprises are the ones in sector **K** - „Financial and insurance activities“, where the share of the enterprises successfully surviving after five year period is 11.6%. On the opposite end is sector **L** – „Real estate activities“, where the share is slightly lower than 3% for the same indicator.

The number of persons employed in the enterprises born in 2008 and still surviving in 2009 for all 13 sectors of NACE Rev.2 is 124 466 people. Almost 62% of the persons employed are concentrated in only three sectors as follows: **G** - “Wholesale and retail trade; repair of motor vehicles and motorcycles” with 32.7%; **F** - “Construction” with 14.6% and **C** - “Manufacturing” with 14.4%.

Figure 8



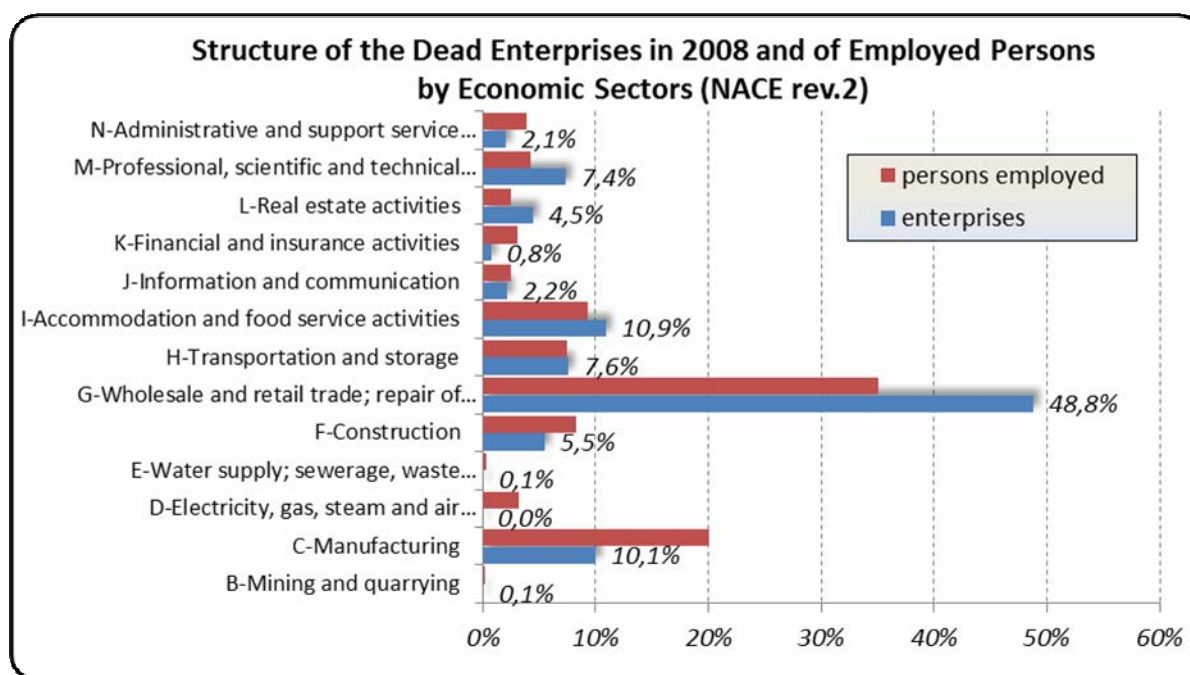
A third (33%) of the persons employed work in the enterprises with „1-4 employees“, 28% are from enterprises with zero employees, and 27% are from the „10 or more employees“ group.



DEAD ENTERPRISES

The last available data on confirmed dead enterprises are for 2008 which is due to the specific methodology used for their determination. In 2008 their number is 35 466 or a little over 13% of all active enterprises in this year. As a result of the enterprise's death about 4.8% of the persons employed have lost their jobs in 2008.

Figure 9



In 2008, 17 315 enterprises or almost half of the dead enterprises were listed in sector **G** – „Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods“.

The most agile enterprises are from the following sectors: **D** – „Electricity, gas, steam and air conditioning supply“, **B** – “Mining and quarrying”, **E** – “Water supply; sewerage, waste management and remediation activities”, **K** – “Financial and insurance activities excluding activities of holding companies”. These sectors lost only 355 enterprises or less than 0.5% of all active enterprises in this year.



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 “... *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



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- **Employee size class**

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