

SMALL AND MEDIUM ENTERPRISES IN THE REPUBLIC OF BULGARIA WITHIN THE PERIOD 2001-2004 (Statistical analysis)

Non- financial enterprises in the Republic of Bulgaria are predominantly small and medium ones (SME)¹ representing the highest share – 99.7% of the total number of non-financial enterprises.

Enlargement of SME share as well as share of enterprises with more than 249 employed persons is observed within the period 2001-2004, but the first increase faster. Each 100 companies with up to 249 employed in 2001 increase by nearly 11 companies in 2004 whereas the same indicator for the companies with more than 249 employed is more than twice lower – 4 companies approximately.

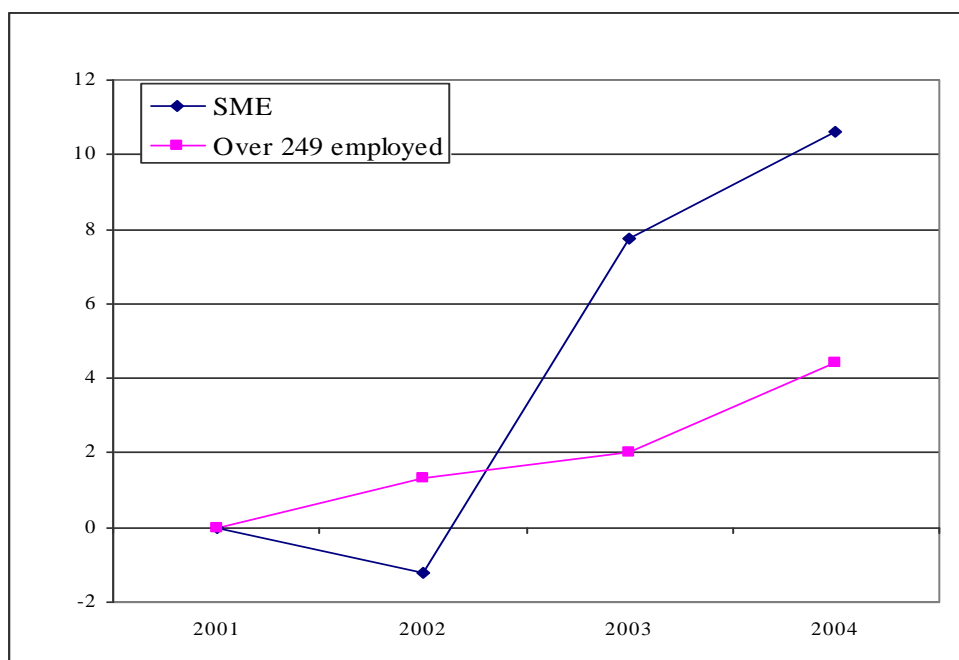


Figure 1. Growth rate of enterprises groups according to the number of employed persons - %

Private enterprises prevail in the non-financial sector – 99.3% in 2004. Structural models in the sector of SME and of companies with more than 249 employed persons differ considerably at the same time. One of 100 companies with up

¹ According to the Law on Small and Medium Enterprises, micro-enterprises are those with up to 9 employed persons, small – up to 49 and medium – 50 to 249 employed.

to 249 employed persons is public, whereas outside the private sector are approximately 25 of 100 companies with more than 249 employed.

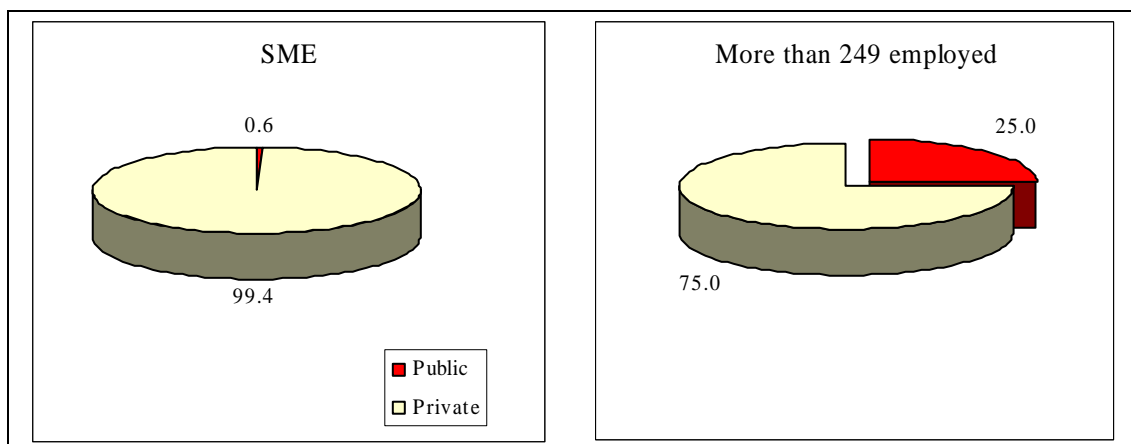


Figure 2. Structure of SME and of enterprises with more than 249 employed persons according to the ownership in 2004 - %

Improvement the balance between SME and economically active population is observed for all planning regions within the period 2001-2004. Considerable increase of companies' density² is registered in 2004 compared to 2001 in almost all regions: South East region – from 78 to 85, South Central – from 67 to 75, South West – from 69 to 74, North East – from 65 to 71, North West – from 50 to 61.

Role of SME in providing employment increases continuously. In 2001 65.8% of the employed persons are working at SME whereas in 2002, 2003 and 2004 the shares are 66.7, 69.3 and 70.5% respectively.

Table 1

EMPLOYMENT STRUCTURE OF GROUPS OF ENTERPRISES ACCORDING TO THE NUMBER OF EMPLOYED PERSONS

Groups of enterprises	(per cent)			
	2001	2002	2003	2004
Total	100.0	100.0	100.0	100.0
SME	65.8	66.7	69.3	70.5
Up to 9 employed	24.7	24.9	26.0	26.0
10 – 49 employed	18.1	19.3	20.9	21.9
50 – 99 employed	9.5	9.6	9.6	9.9
100 – 249 employed	13.5	12.9	12.8	12.7
More than 249 employed	34.1	33.2	30.7	29.5

The dynamics of structural balance between persons employed at SME and economically active population by planning regions shows positive tendency of

² Companies' density is measured using number of enterprises per 1000 economically active population.

development within the period 2001-2004, i.e. improvement of labour force usage. This process is more obvious for South Central region where all districts register considerable rate of increase of employed at SME: Pazardzhik - 36.9%, Plovdiv - 29.6%, Haskovo – 28.4%, Kardzhali – 26.8%, Stara Zagora – 23.6%, Smolyan – 17.1%. Although slightly expressed, negative is the dynamics of structural balance at North East region.

SME have a priority in creating employment and turnover during the whole period under observation and each year their role became more substantial. For the first time in 2004 SME have bigger contribution compared to enterprises with more than 249 employed in creating value added³ in non-financial sector. SME development concerning accumulation of value added in the sector is going up and share of SME increased from 46.1% in 2001 to 47.8% in 2002, 49.2% in 2003 and reaches 51.5% in 2004.

Increase of value added created is observed for SME as well as for big enterprises with more than 249 employed, but the real growth rates amongst big companies in 2003 and 2004 compared to 2001 are 2.4 and 2.0 times lower. Compared to 2001, companies with up to 249 employed increased in 2004 value added created by 62.5% whereas big companies - by 31.1% only.

There is considerable differentiation in the growth rate of value added created by SME at separate economic activities, but the common feature is that growth rate is positive and for the most activities has relatively high value – over 71.0%.

The analysis of labour productivity⁴ amongst groups of enterprises according to the number of employed shows that it is highest for the biggest enterprises (with more than 249 employed) and in 2004 represents 13.9 thousand BGN in current prices and is 64.7% higher compared to the average for the non-financial sector in the country.

³ Value added is calculated according to the definition applied in structural business statistics (EU Regulation 58/1997).

⁴ Labour productivity is measured as a ratio between value added and number of employed persons.

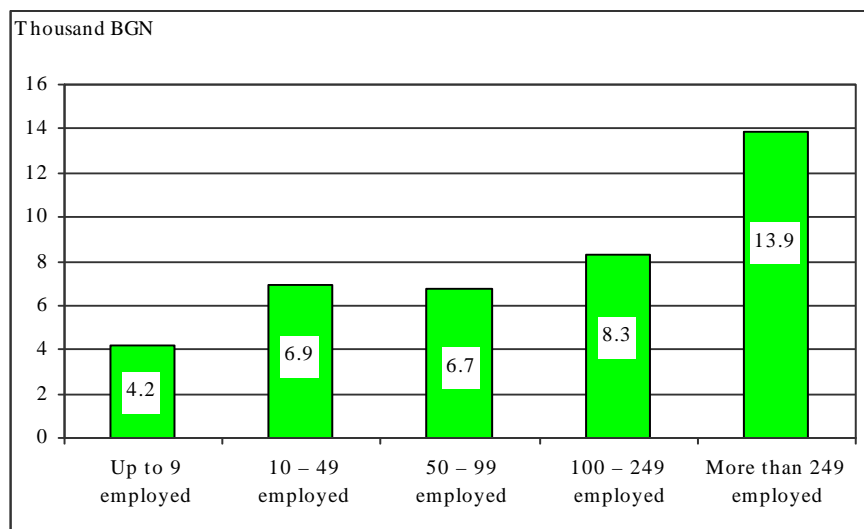


Figure 3. Labour productivity by groups of enterprises according to the number of employed in 2004 in current prices

SME reported average productivity of 6.1 thousand BGN in 2004, big enterprises – 13.9 thousand i.e. big enterprises have 2.3 times higher productivity compared to SME. In 2004 the productivity of SME belonging to the private sector is 80.0% higher and of big – 22.1% higher compared to productivity of the same groups of enterprises belonging to the public sector and the respective indicators for 2003 are 58.1 and 3.7%. The discrepancy of labour productivity for the two sectors obviously became deep and private sector clearly shows bigger advantages in this respect.

Labour productivity increased within the period 2001-2004 not only amongst SME, but also amongst enterprises with more than 249 employed and the increase observed is considerable – from 4.188 to 6.145 thousand BGN in current prices for the first sector and from 9.457 to 13.876 thousand BGN for the second. Growth rate is the same, nominal - 46.7%, and real – 34.4%.

Table 2
GROWTH RATES OF LABOUR PRODUCTIVITY BY GROUPS OF ENTERPRISES
ACCORDING TO THE NUMBER OF EMPLOYED PERSONS
(2001 = 100)

Groups of enterprises	(per cent)					
	Current prices			Comparable prices		
	2002	2003	2004	2002	2003	2004
Total	4.5	12.1	40.7	1.4	6.8	28.9
Up to 9 employed	7.4	11.8	46.5	4.2	6.6	34.2
10 - 49 employed	6.9	13.9	46.0	3.7	8.6	33.7
50 - 99 employed	12.4	15.5	34.5	9.0	10.1	23.2
100 - 249 employed	2.3	15.2	57.3	-0.8	9.8	44.2
Over 249 employed	4.2	17.6	46.7	1.1	12.1	34.4