



BUSINESS DEMOGRAPHY FOR 2022

Introduction

Similar to statistics of the human population, business demography describes the life cycle of enterprises - their birth, survival and development until death. More specifically, business demography supplies data on active enterprises, newborn enterprises, the proportion of survived enterprises, dead enterprises and data on changes in employment figures.

The National Statistical Institute has taken part in the harmonized statistical research of the European Commission on business demography for 16 years. All indicators are calculated according to the classification of economic activities NACE Rev. 2 since 2010.

Regulation (EU) 2019/2152 of European parliament and of the council of 27 November 2019 on European business statistics and Implementing Regulation No. 2020/1197 of the EC establishes the common framework for collection, coverage, production, provision and evaluation of harmonized statistics for all areas of business statistics, including the demography of EU enterprises.

The regulation expands the scope of the 13 sections from B to N (NACE Rev.2¹) observed until now, adding sections P – „Education“, Q – “Human health and social work activities“, R – “Arts, entertainment and recreation” and S – “Other service activities“, from the same classification.

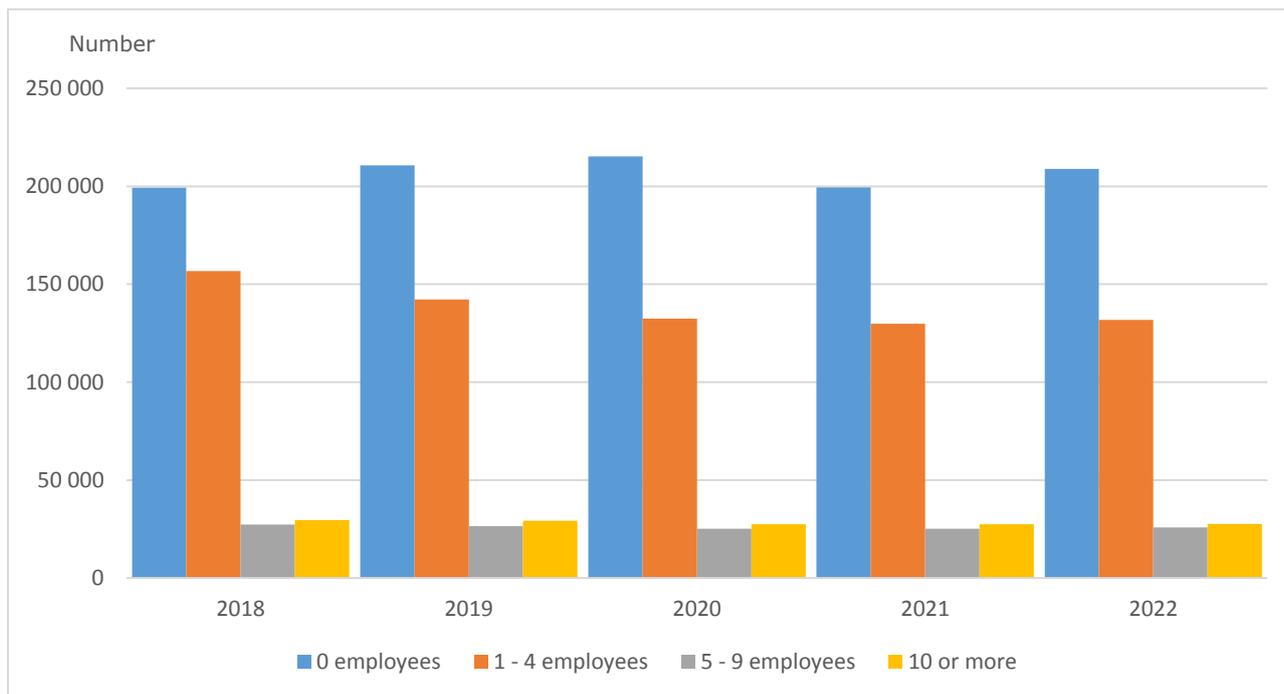
This press release presents information gathered by the study of business demographic events among the enterprises in Bulgaria for 2022 and follows their dynamics for a five-year period (2018 - 2022).

¹ <https://www.nsi.bg/sites/default/files/files/publications/KID-2008.pdf>

General Review of the Active Enterprises and Employment

In 2022, the number of active enterprises in Bulgaria is 394 135, which is 3.2% more compared to the previous year 2021.²

Figure 1. Active Enterprises by Size class

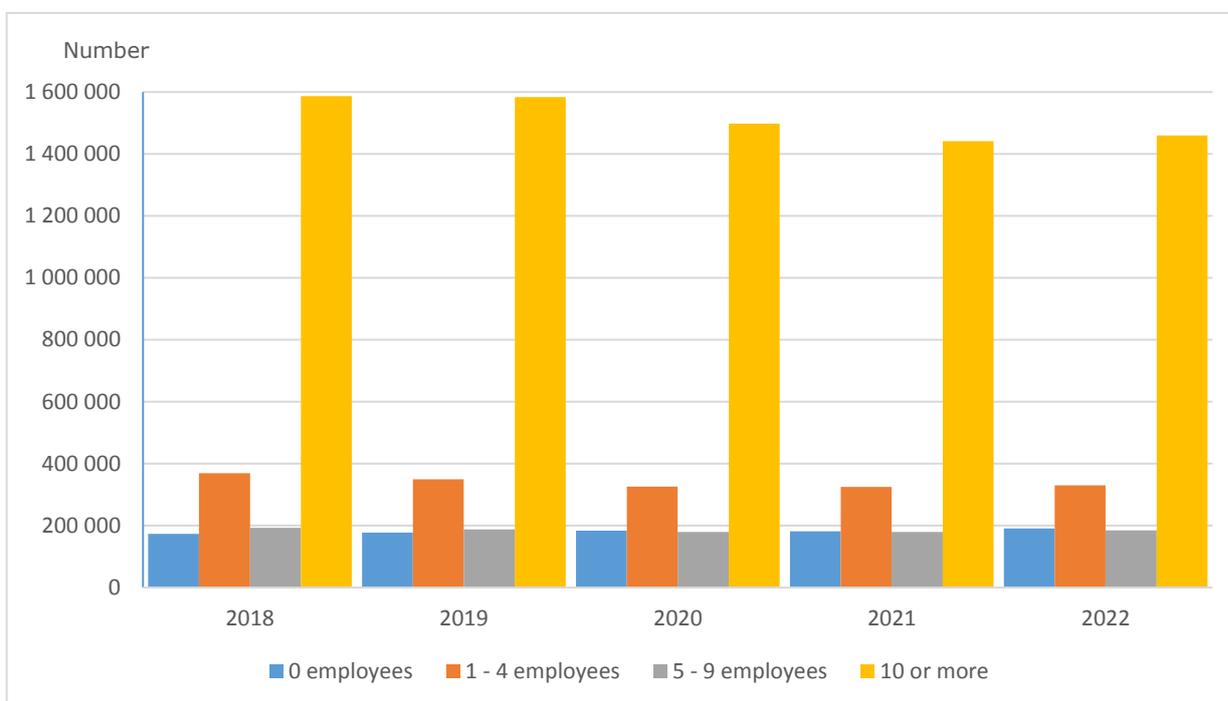


The active enterprises with zero employees (Figure 1) represent the largest proportion of the population of all active enterprises during the period (2018 - 2022). In 2022, this share is 53.0% of all active enterprises, followed by the '1 - 4 employees' group with 33.4%, and the lowest share of enterprises is in the '5 - 9 employees' group - 6.5%.

The employed persons in the group "10 and more employed persons" constitute 68.2% of the total number of employed persons in the period (2018 - 2022), while the share of enterprises in this group is only 6.9% of all active enterprises. At the same time, the large number of active enterprises in the "0 employees" group forms only 8.2% of the total number of employed people in the country (Fig. 2).

² Number of enterprises classified in sections B to S of NACE Rev.2 excluding division 94 (Activities of membership organisations).

Figure 2. Employed Persons in Active Enterprises by Size class

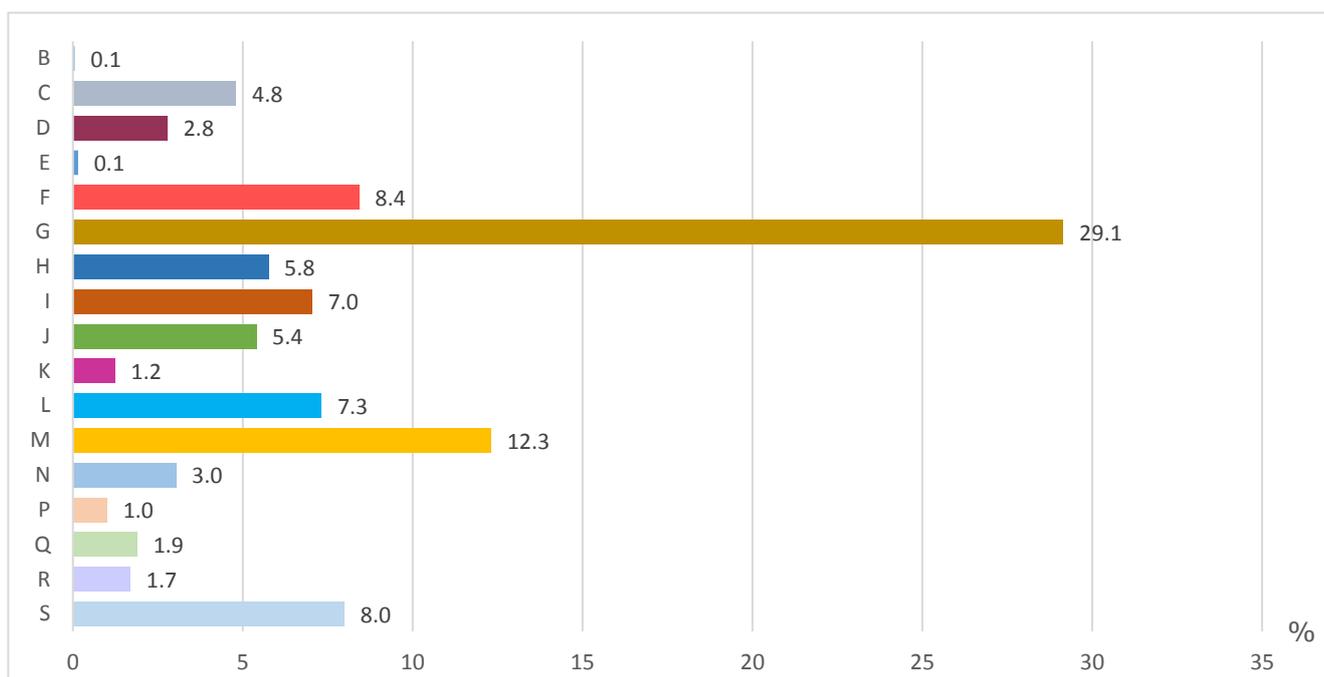


Newborn enterprises

The newly born enterprises for 2022 in the selected economic sectors are 39 445, or 10.0% of the total number of enterprises. For the last five years, the annual average percentage of newborn enterprises was 10.3% of the active enterprises during this period.

The structure of newborn enterprises by economic sector remained relatively stable over the past five years, and this tendency remains intact in 2022 as well (Figure 3). With the highest relative share are newly born enterprises in sector G – "Trade; repair of cars and motorcycles" – 33.5%, and with the lowest – newly born enterprises in sector B - "Extractive industry" – below 0.1%.

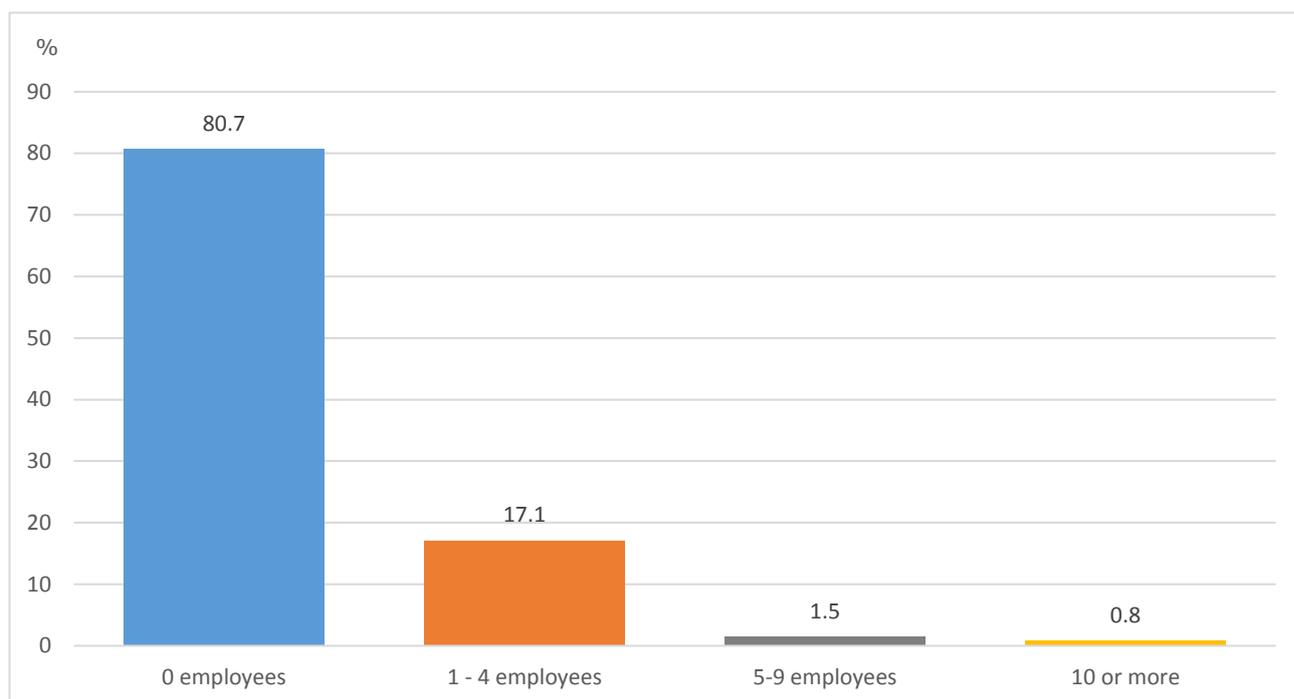
Figure 3. Structure of Enterprises Born in 2022 by Economic Sectors



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
P	EDUCATION
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
R	ARTS, ENTERTAINMENT AND RECREATION
S	OTHER SERVICE ACTIVITIES

During the observed period, the largest number of newborn enterprises had no employees (Figure 4). In 2022, 31 818 newborn enterprises fall into the '0 employees' group, followed by the '1 - 4 employees' group with 6 726 enterprises. And in the group with 10 and more employees there are only 329.

Figure 4. Structure of Enterprises born in 2022 by Number of Employees



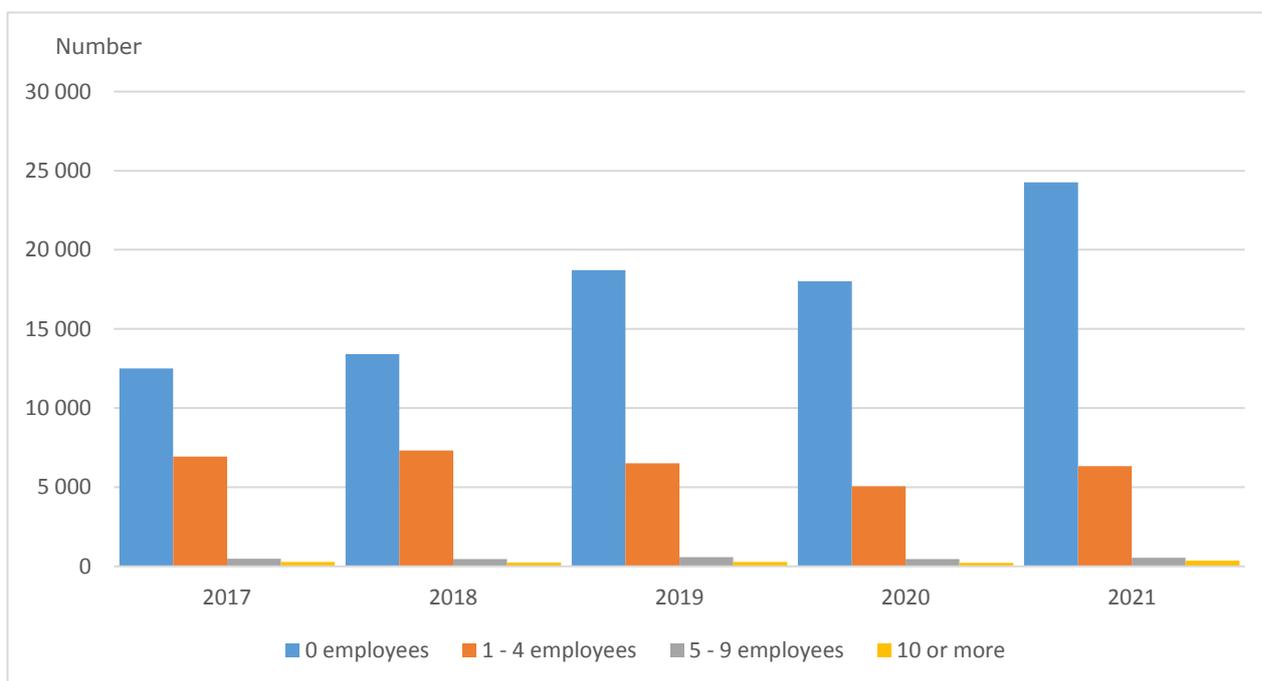
Survived Enterprises

More than 83.1% of the enterprises born in 2021 survive one year later, as in the group of '5 -9 employees' this share is highest – 93.9%.

In 2021, the newborn enterprises are 38 314, and 31 504 of them successfully survived in 2022.

Since 2017, the year-on-year survival rate shows a gradual fall in the number of survived enterprises for all of the four groups according to the number of employees. The share of enterprises born in 2017 and still active five years later is 5.1%, while the share of those born in 2021 and active in 2022 is 8.0% of the total number of active enterprises in 2022 (Figure 5).

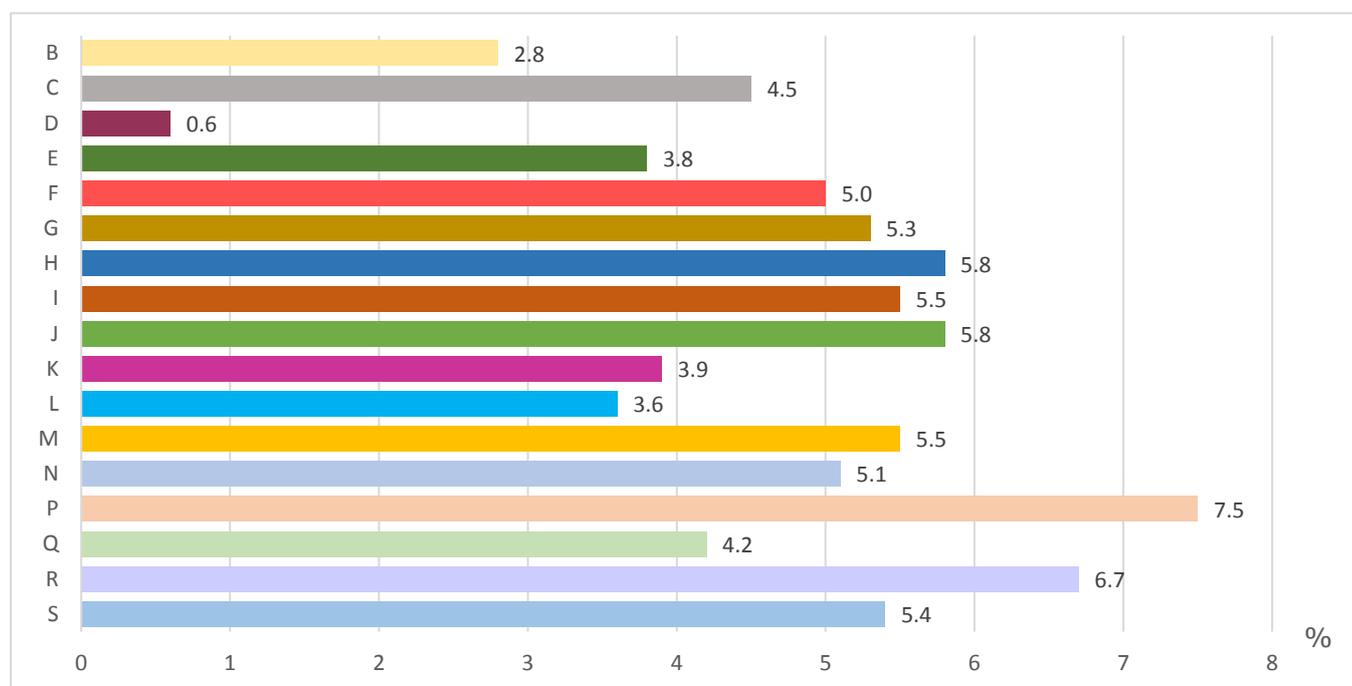
Figure 5. Enterprises born during period 2017 - 2021 and survived in 2022



The most viable are the enterprises in section P – “Education”, where the share of enterprises that successfully survived the five-year period is 7.5%. On the opposite side are the enterprises in section D – “Electricity, gas, steam and air conditioning supply” – 0.6% (Figure 6).

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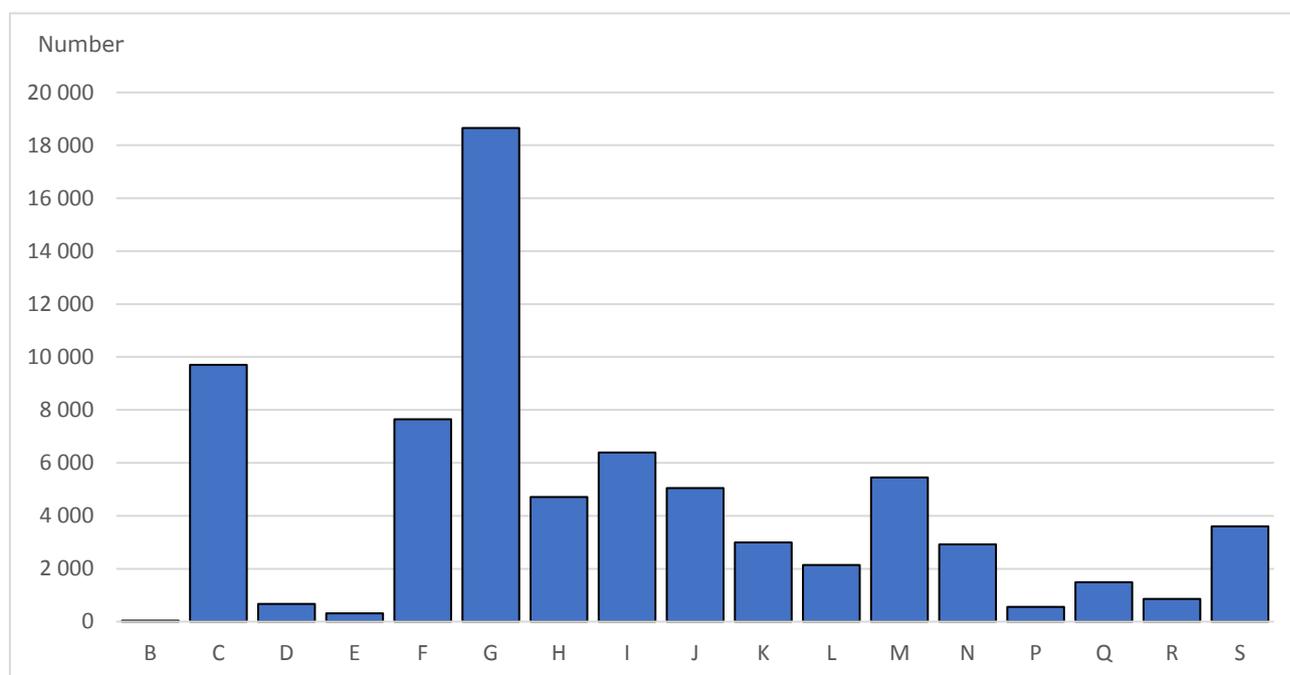
Figure 6. Share of Enterprises born in 2017 and survived in 2022 in the Active Enterprises for 2022 by Economic Sectors



B	MINING AND QUARRYING
C	MANUFACTURING
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The total number of persons employed in enterprises born in 2021 and survived in 2022 is 73 190. Almost 57.9% of the persons employed are concentrated in the following four sections: G – “Wholesale and retail trade; repair of motor vehicles and motorcycles” – 25.5%, I – “Accommodation and food service activities” – 8.7%, C – “Manufacturing” – 13.3% and F – “Construction” - 10.4% (Figure 7).

Figure 7. Employed Persons in Enterprises born in 2021 and survived in 2022 by Economic Sectors



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The distribution of employment at enterprises born in 2021 and surviving in 2022, by groups of employed persons, is as follows:

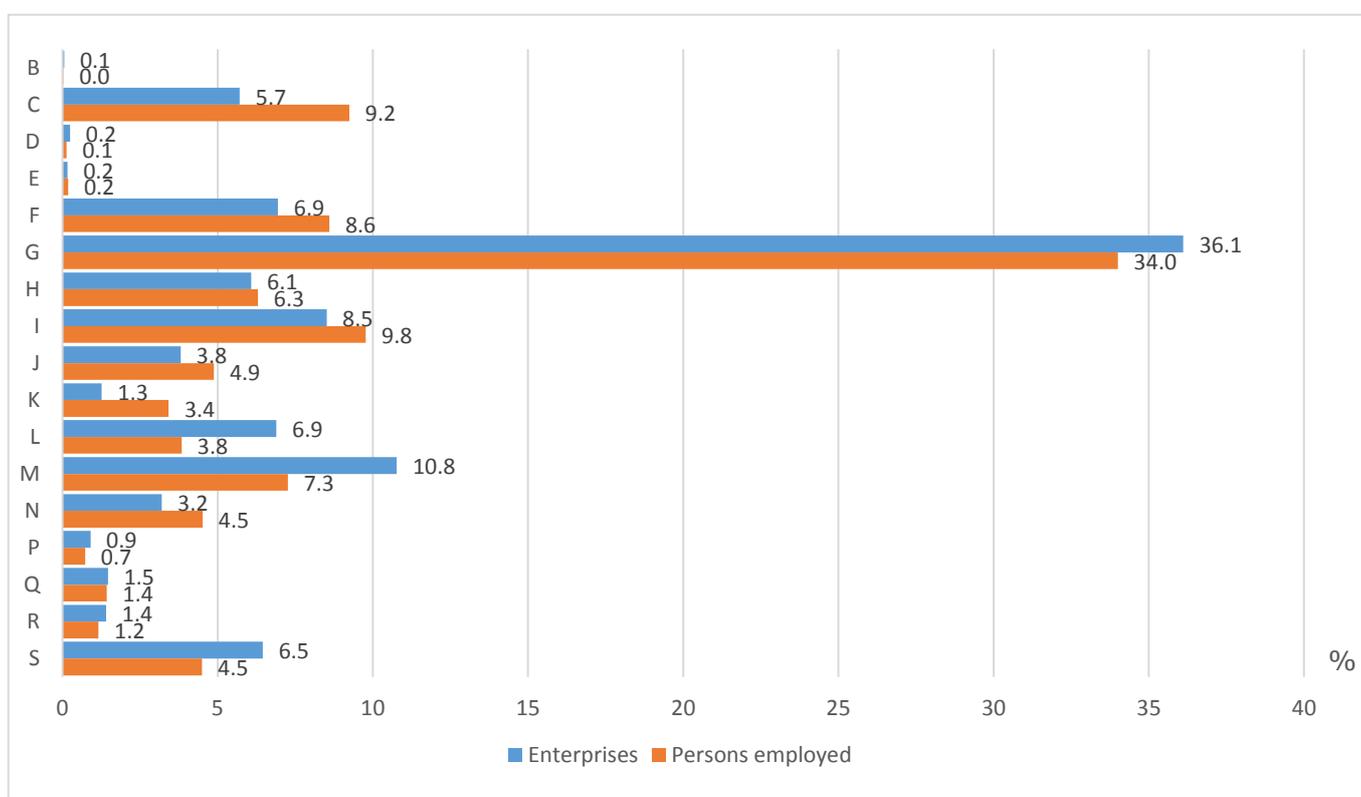
- 0 employees - 41.9%;
- 1 - 4 employees – 27.7%;
- 5 - 9 employees - 8.1%;
- 10 and more employees – 22.3%.

Dead Enterprises

In 2021, 33 400 enterprises died³, or 8.7% of the active businesses that year, resulting in 2.5% of those employed during the year losing their jobs. The largest share of dead businesses - 36.1%, is in section G – “Wholesale and retail trade; repair of motor vehicles and motorcycles”.

The most viable were the enterprises in sections: B – "Mining and quarrying", where dead enterprises are less than 0.1% (Figure 8).

Figure 8. Structure of the Dead Enterprises in 2021 and of Employed Persons by Economic Sectors



³ The data on dead enterprises in 2021 are second preliminary due to the specific methodology, namely, the enterprises that died in year (t) were active in year (t) but were not active either in year (t+1) nor in year (t+2).

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METHODOLOGICAL NOTES

Study Objective

The object of the study is the statistical unit '*enterprise*', defined in Regulation of the EP and of the Council No. 696/93 of March 15, 1993, as '*... the smallest association of legal persons which is an organizational unit producing goods or services and enjoying a certain level of decision-making autonomy, especially in the allocation of its current resources...'*'.

Study Goal

The main objective of the study on enterprise demography is to estimate the number of active enterprises and the employed and employed persons in them. This provides valuable information on business life expectancy by type and size, number and type of businesses that have died, growth rates, annual business survival rates. These data complement structural business statistics and form the basis for weighting and derivation of other statistics studying enterprises.

Scope of 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.

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CLASSIFICATIONS USED

NACE Rev. 2 - Statistical classification of economic activities

B	MINING AND QUARRYING
C	MANUFACTURING
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY
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Groupings of enterprises according to the number of persons employed in them

- E0** Enterprises with 0 employees
- E1T4** Enterprises with 1 to 4 employees
- E5T9** Enterprises with 5 to 9 employees
- EGE10** Enterprises with 10 or more employees

TERMS USED

Employees - in the context of structural business statistics, employees are those who work for an employer on the basis of an employment contract and receive compensation in the form of salary, honorarium or remuneration in kind.

Persons employed - in the context of structural business statistics, persons employed in an enterprise include all persons employed as well as working owners.

Born enterprises - born enterprises cover all newly emerging active economic entities during the research period, regardless of whether they are with an employer or not.

Surviving enterprises - Survivors are those businesses that are active both before and after a certain business demographic event. The enterprise may change in some way, for example, in terms of economic activity, size, ownership or place of business, but it continues to be active.

Dead enterprises - dead enterprises cover all economic entities during the research period, regardless of whether they have an employer or not.