Instituto Nacional de Estadística

Press Release

27 November 2012

Business Demographics Indicators. Year 2010

In 2010, a total of 3,554,571 enterprises operate in Spain. 285,736 are created during the financial year, while 318,068 cease to exist.

Regarding stock, the net balance of births and deaths of enterprises in 2010 stands at -0.9%, as compared with the -2.1% registered in 2009.

The activities that register the greatest net business demographics dynamism[1] are *Office assistants, Telecommunications and IT services*, whereas the *Manufacture of garments, Manufacture of furniture and Construction activities* are the activities producing the least business demographics dynamism.

Four out of five enterprises created between 2007 and 2009 have survived one year following their year of birth.

The number of deaths of enterprises was 32,332 units greater than the number of births during the year 2010. In this way, the **rate of births of enterprises stood at 8.0%, while the rate of deaths was 8.9%**, yielding a net rate of -0.9%.

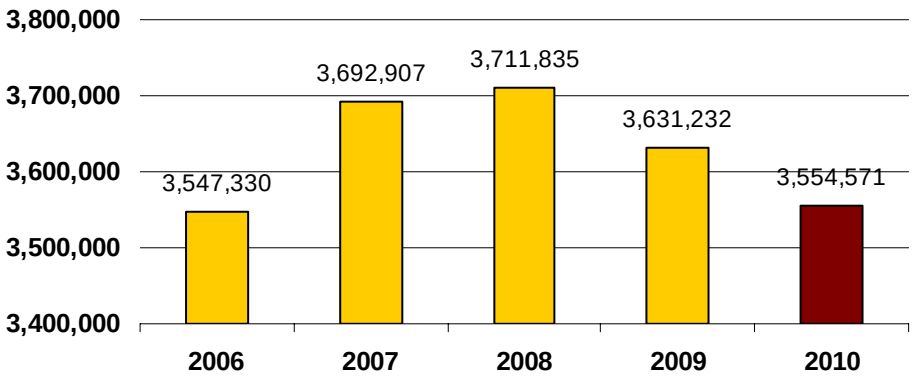
Stock, births and deaths of enterprises, by economic sector. Year 2010

	Total	Industry	Construction	Trade	Rest of services
Stock	3,554,571	239,130	559,363	865,784	1,890,294
Births of enterprises	285,736	11,228	37,010	69,619	167,879
Deaths of enterprises	318,068	17,030	60,978	76,661	163,399
Net variation	-32,332	-5,802	-23,968	-7,042	4,480
Birth rate (%)	8.0	4.7	6.6	8.0	8.9
Death rate (%)	8.9	7.1	10.9	8.9	8.6
Net rate (%)	-0.9	-2.4	-4.3	-0.8	0.2

[1] Difference between births and deaths of enterprises

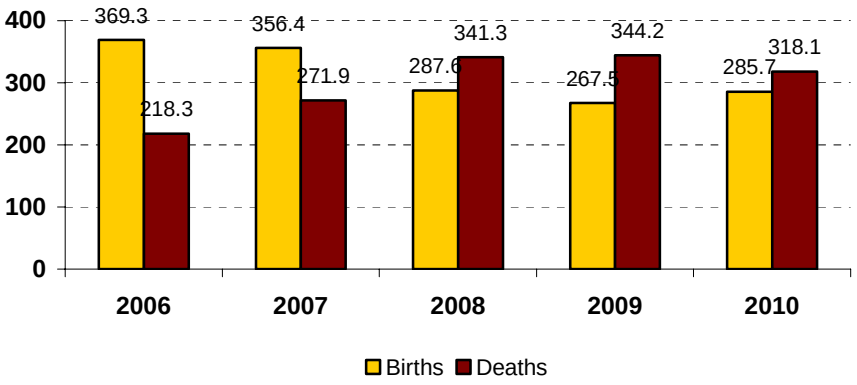
The following graph shows the performance of the stock of enterprises, according to the last five years. Stock is understood to be the set of enterprises that are active during all or part of the year.

Performance of the stock of companies (in thousands)

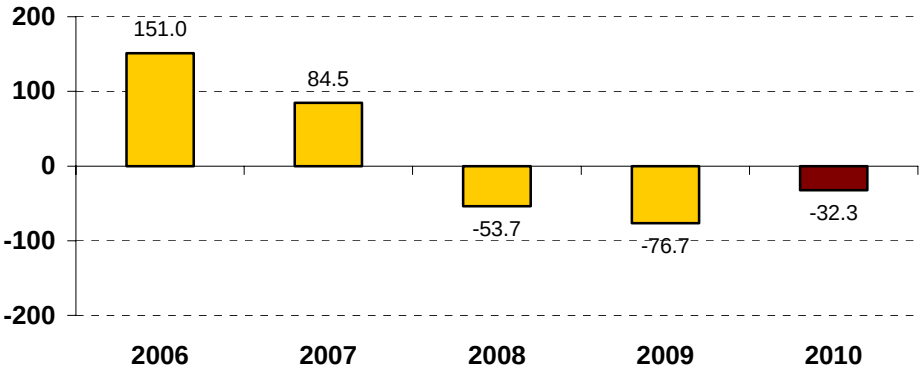


The two following graphs describe the performance of the birth and death events in terms of figures and considering net variation.

Performance of the number of births and deaths of enterprises (in thousands)

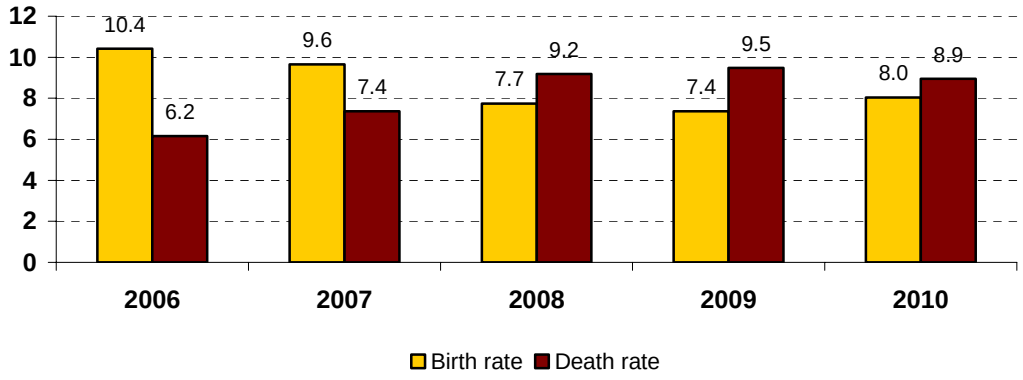


Net variation of births and deaths of enterprises (in thousands)

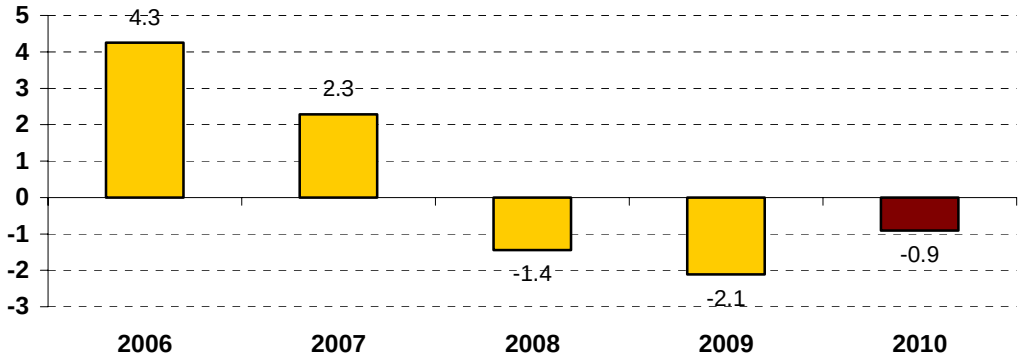


The following graphs offer a similar perspective, in this case considering rates for each birth and death case of enterprises and including the net rate.

Performance of the birth and death rates of enterprises (%)



Performance of the net birth and death rate of enterprises (%)

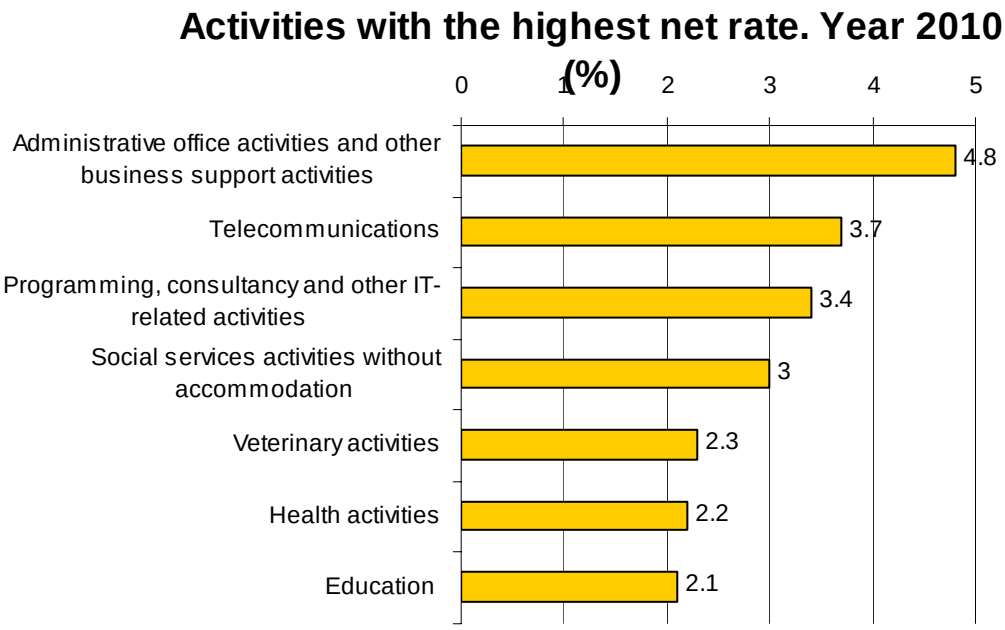


Results by economic sector

The economic activities with the greatest business demographics dynamism, identified by their greater positive net rate (difference between births and deaths) were *Administrative office activities and other business support activities* (4.8%), *Telecommunications* (3.7%) and *Programming, consultancy and other IT-related activities* (3.4%).

Activities with the highest net rate. Year 2010

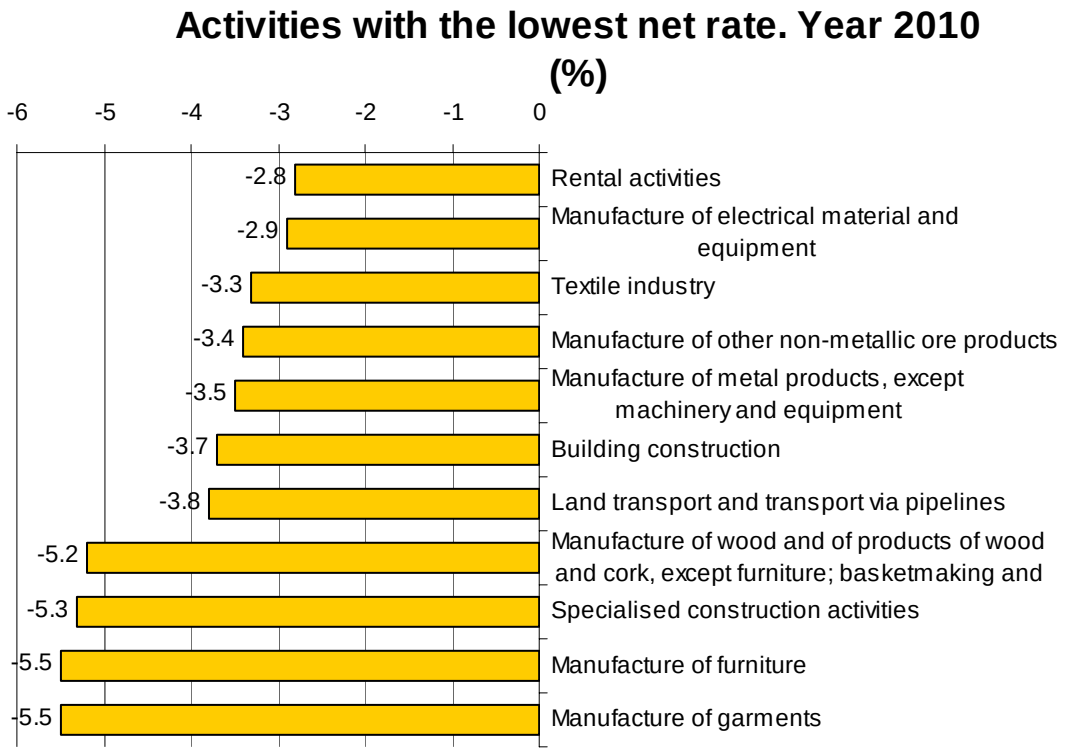
CNAE-2009 divisions	Births	Deaths	Net rate (%)
Administrative office activities and other business support activities	14,052	9,836	4.8
Telecommunications	738	560	3.7
Programming, consultancy and other IT-related activities	3,324	2,370	3.4
Social services activities without accommodation	407	301	3.0
Veterinary activities	640	445	2.3
Health activities	10,817	7,799	2.2
Education	9,766	8,041	2.1



In turn, the activities presenting the least business demographics dynamism, identified by their greater negative net rate (difference between births and deaths) were the *Manufacture of garments* (-5.5%), *Manufacture of furniture* (-5.5%) and *Specialised construction activities* (-5.3%).

Activities with the lowest net rate. Year 2010

CNAE-2009 divisions	Births	Deaths	Net rate (%)
Rental activities	1,872	2,616	-2.8
Manufacture of electrical material and equipment	121	200	-2.9
Textile industry	386	631	-3.3
Manufacture of other non-metallic ore products	367	764	-3.4
Manufacture of metal products, except machinery and equipment	2,167	3,751	-3.5
Building construction	20,099	31,778	-3.7
Land transport and transport via pipelines	8,693	16,553	-3.8
Manufacture of wood and of products of wood and cork, except furniture; basketmaking and wickerwork	521	1,295	-5.2
Specialised construction activities	16,793	28,843	-5.3
Manufacture of furniture	764	1,755	-5.5
Manufacture of garments	787	1,429	-5.5



Results by number of wage earners

More than 96% of the enterprises that were born or died in 2010 had four or fewer wage earners. 78% of the enterprises born and 63% of the enterprises that died had no wage earners.

Stock, births and deaths of enterprises, by wage earner bracket. Year 2010

	Total	Without wage earners	1 to 4 wage earners	5 to 9 wage earners	10 or more wage earners
Stock	3,554,571	2,001,667	1,199,826	203,014	150,064
Births of enterprises	285,736	223,603	53,476	6,590	2,067
Deaths of enterprises	318,068	201,141	106,887	7,278	2,762
Net variation	-32,332	22,462	-53,411	-688	-695
Birth rate (%)	8.0	11.2	4.5	3.2	1.4
Death rate (%)	8.9	10.0	8.9	3.6	1.8
Net rate (%)	-0.9	1.1	-4.5	-0.3	-0.5

The births of enterprises were greater than the number of deaths in the *Without wage earners* category, yielding a positive net rate of 1.1%. Conversely, in the *1 to 4 wage earners* stratum, the deaths of enterprises doubled the births of enterprises, and the net rate stood at -4.5%.

Survival of births of enterprises

The following table has been obtained using the time monitoring of the populations of enterprises born in a given year. The survival indicators have been calculated for a maximum period of five years.

Survivals of the enterprises born since 2005 (%)

Births	Observation year					
	2005	2006	2007	2008	2009	2010
2005	100.0	85.5	73.5	61.7	52.7	46.1
2006		100.0	82.6	67.4	56.1	48.1
2007			100.0	79.1	64.5	54.4
2008				100.0	79.2	66.0
2009					100.0	79.9

As may be observed, the first year of life is where the greatest decreases in units take place, with survival rates of 85.5% or lower.

Another noteworthy aspect is that the figures of the initial population in 2005 were reduced to less than half after five years of observation, which the cohort of enterprises born in 2006 experienced in four years.

Enterprises ceasing to exist in their first years of life

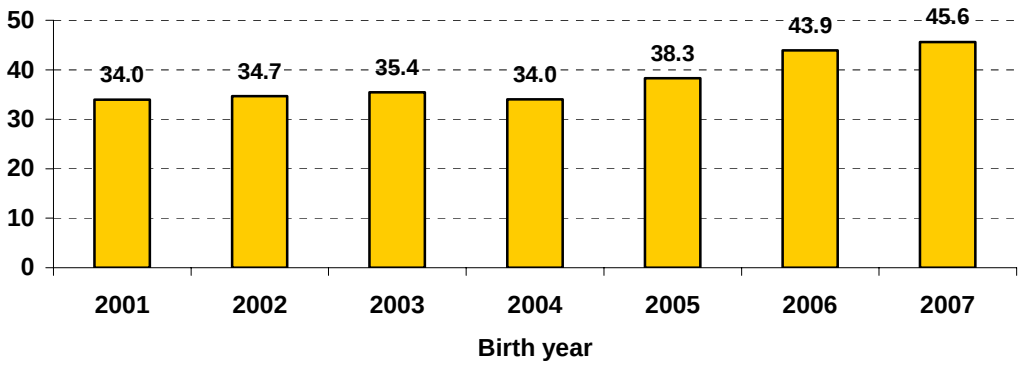
For the first time, a table of enterprises ceasing to exist is being presented, depending on their lifespan and the year of their creation. Analysing the loss of figures in greater detail, the following table quantifies the enterprises ceasing to exist in the first three years of their life, taking as a reference the cohorts of enterprises born in 9 consecutive years.

Enterprises ceasing to exist in the first three years of life (%)

Cohorts	1st year of life	2nd year of life	3rd year of life
2009	20.1		
2008	20.8	13.2	
2007	20.9	14.6	10.1
2006	17.4	15.3	11.3
2005	14.5	12.0	11.8
2004	15.5	9.3	9.3
2003	17.2	10.9	7.4
2002	14.2	10.2	10.3
2001	16.7	9.5	7.7
Average	17.5	11.9	9.7

The information on accumulated enterprises ceasing to exist in their first three years of life is shown in the following graph, observing how enterprise mortality increases during years of crisis.

Accumulated enterprises ceasing to exist in the first three years of life, by birth year (%)



Results by Autonomous Community

Considering the territory in which the enterprise headquarters were located, Castilla y León (6.7%) and Comunidad Foral de Navarra (6.8%) presented the lowest birth rates in 2010; Andalucía and Comunitat Valenciana (8.7% in both cases) registered the highest rates.

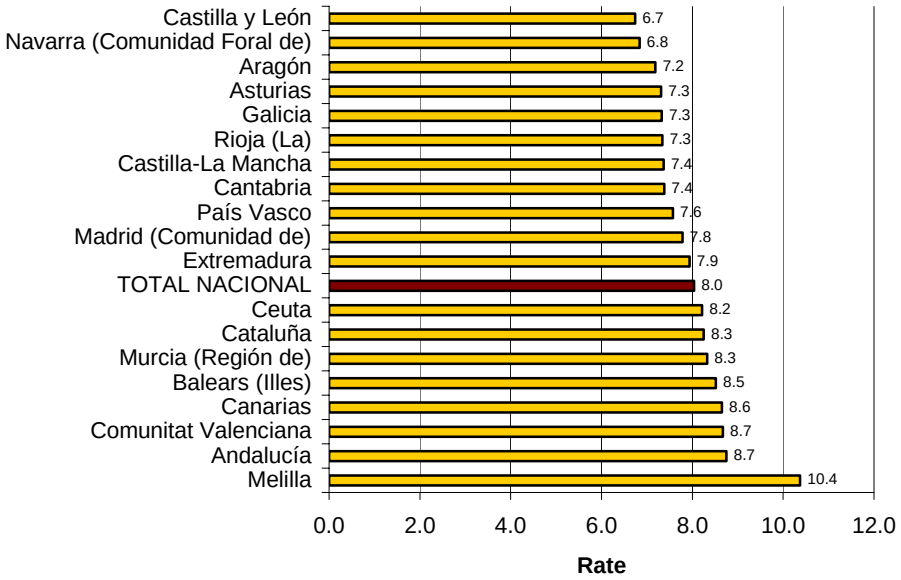
In turn, the highest rates of deaths of enterprises were registered in Illes Balears (10.0%) and Canarias (10.5%). The lowest such rates were recorded in Castilla y León (7.7%) and Cantabria (7.6%).

More detailed information is shown in the following table and graphs.

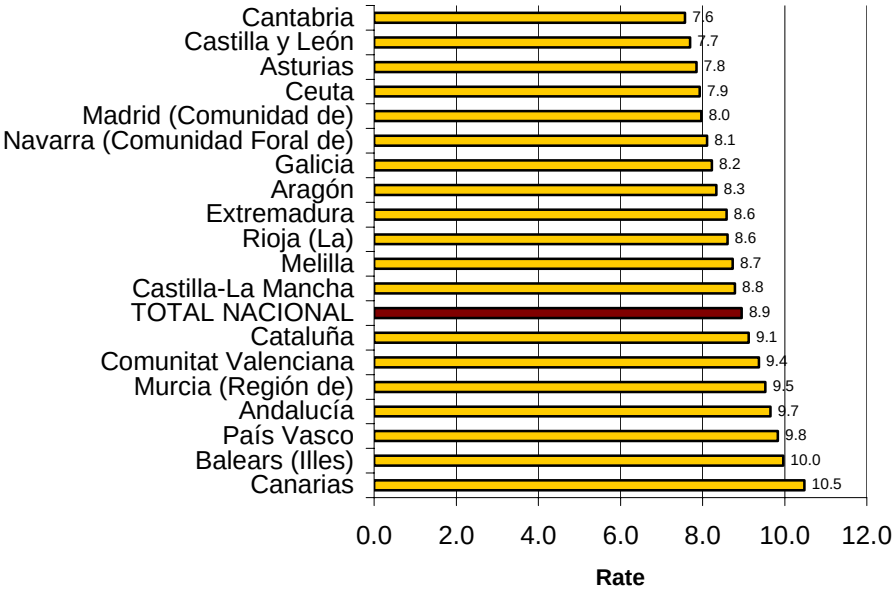
Stock, births and deaths of enterprises, by Autonomous Community. Year 2010

	Stock	Births	Deaths	Net variation	Birth rate (%)	Death rate (%)	Net rate (%)
NATIONAL TOTAL	3,554,571	285,736	318,068	-32,332	8.0	8.9	-0.9
Andalucía	545,436	47,705	52,646	-4,941	8.7	9.7	-0.9
Aragón	98,053	7,043	8,174	-1,131	7.2	8.3	-1.2
Asturias	75,340	5,507	5,913	-406	7.3	7.8	-0.5
Balears, Illes	97,347	8,288	9,699	-1,411	8.5	10.0	-1.4
Canarias	148,539	12,846	15,564	-2,718	8.6	10.5	-1.8
Cantabria	41,799	3,086	3,166	-80	7.4	7.6	-0.2
Castilla y León	177,806	11,981	13,683	-1,702	6.7	7.7	-1.0
Castilla-La Mancha	142,368	10,488	12,514	-2,026	7.4	8.8	-1.4
Cataluña	659,266	54,397	60,144	-5,747	8.3	9.1	-0.9
Comunitat Valenciana	384,854	33,377	36,078	-2,701	8.7	9.4	-0.7
Extremadura	70,915	5,632	6,086	-454	7.9	8.6	-0.6
Galicia	213,096	15,610	17,526	-1,916	7.3	8.2	-0.9
Madrid, Comunidad de	541,067	42,114	43,111	-997	7.8	8.0	-0.2
Murcia, Región de	100,274	8,352	9,558	-1,206	8.3	9.5	-1.2
Navarra, Comunidad Foral de	45,040	3,079	3,651	-572	6.8	8.1	-1.3
País Vasco	180,830	13,687	17,776	-4,089	7.6	9.8	-2.3
Rioja, La	24,635	1,808	2,120	-312	7.3	8.6	-1.3
Ceuta	3,885	319	308	11	8.2	7.9	0.3
Melilla	4,021	417	351	66	10.4	8.7	1.6

Classification of the Autonomous Communities, by birth rate of enterprises (%)



Classification of the Autonomous Communities, by death rate of enterprises (%)



Methodological note

The Business Demographics Indicators provide aggregated information relating to the population of enterprises implanted within the national territory, taking into consideration the aspects linked to business dynamism and applying a methodology agreed upon within the scope of the European Union. This information is integrated into the Harmonised Business Demographics statistical operation included in the 2012 Annual Statistics programmed, with number 5915.

In addition, the data obtained on a national level is meant to meet the legal requirements of Regulation (EC) No. 295/2008 regarding the structural statistics of enterprises.

The methodology provides the guidelines that enable identification of populations and generating indicators relating to the stock, births, deaths and survival of enterprises, through a harmonised statistical use of the Business Directories managed in Statistics Offices.

The delimitation of target populations of interest is obtained through an ordered set of procedures, of a diverse nature, designed in accordance with the principles of the harmonised methodology. Basically, the work is geared towards identifying the following aggregates:

- *Stock of enterprises*.- Set of units that have remained active during all or part of the year. The enterprises that are entered are those that remain active at the end of the period, as are those enterprises that have completely ceased their activities during said period.
- *Births of enterprises*.- Set of units that, over the course of the year, have created a combination of new production factors. There is no connection with other, previously existing enterprises.
- *Deaths of enterprises*.- Set of units that, over the course of the year, have dissolved all their production factors. There is no connection with other enterprises that may begin operating.
- *Survival of enterprises*.- Restricted to each birth cohort, this corresponds to the set of units that continue to be active in each of the following five years.

The harmonised demographic analysis is not limited to a simple quantification of the flows obtained in the updating processes of the Directories (see *Statistical Use of the Central Business Register* on the official INE website). The delimitation and tabulation of the set of legal units that enter, remain and leave each year is normally obtained using the movements detected in the administrative sources that provide the information, these providing a first preview of the renovation processes of units. Nonetheless, this starting point does not enable obtaining the harmonised demographics indicators directly.

The indicators proposed in the methodology quantify the relative importance of the phenomena of birth or death of enterprises within the Spanish business fabric. The survival phenomenon is similar, but taking as a reference the population of enterprises born, detected in the initial observation period. The following shows the calculation procedure of those indicators.

Birth rate

$$TR_i^t = \frac{R_i^t}{N_i^t} \times 100$$

$R_i^t = Births\ of\ activity\ \ i\ in\ year\ t$

$N_i^t = Stock\ of\ activity\ \ i\ in\ year\ t$

Survival rate

$$TS_i^{t+k} = \frac{S_i^{t+k}}{R_i^t} \times 100$$

$S_i^{t+k} = Survival\ of\ activity\ \ i\ at\ the\ end\ of\ \ t+k,\ k = 1, 2, ...$

$R_i^t = \ Births\ \ of\ \ activity\ \ \ i\ in\ \ year\ \ t$

Death rate

$$TD_i^t = \frac{D_i^t}{N_i^t} \times 100$$

$D_i^t = Deaths\ of\ \ activity\ \ \ i\ in\ \ year\ t$

$N_i^t = \ Stock\ \ of\ \ activity\ \ \ i\ in\ \ year\ \ t$

It must also be borne in mind that the data on enterprise deaths referring to 2010 is provisional, as the enterprises reactivated in 2012 cannot yet be identified, and these must be eliminated, according to the harmonised methodology.

Lastly, the National Statistics Institute would like to express its appreciation for the collaboration given by the different Public Bodies (Ministry of Labour and Social Security, State Tax Administration Agency, Department of Economy and of Comunidad Foral de Navarra and Basque Statistics Institute), which so kindly supplied the basic data from which the Register has been generated, allowing for obtaining the indicators relating to this statistical operation.