

BASQUE BUSINESS STRUCTURE AND DEMOGRAPHY Year 2004

Personnel employed in companies located in the A.C. of the Basque Country increased by 1.7% in 2004

The services sector performed best and employs over 60% of the total

Companies that operate in the A.C. of the Basque Country, except for those in the primary sector, carried out their activity in 175,412 establishments (factories, shops, offices, ...) and employed 820,043 people in 2004, 1.7% more than the year before, according to the latest update of the Directory of Economic Activities, published by the Eustat. From 1999 employment grew by 98,956 persons in the A.C. of the Basque Country, at an average accumulated rate of 2.6%.

The total number of establishments grew 2.0% with regard to 2003, the increase being focused in Banking, insurance and business services, Construction and Other services activities, while the other sectors remained practically stable.

All the branches of activity increased employment, except Industry and energy, which lost almost 900 jobs. The highest growth rate was in Banking, insurance and business services, with a 4.6% rise, displacing Construction into second place, which despite registering substantial growth (3.2%), continued to slow down in terms of speed of growth over recent years.

Establishments and employment by activity branches. 2004

	A.C. of Euskadi				Alava				Bizkaia				Gipuzkoa			
	No.	04/03	Jobs	04/03	No.	04/03	Jobs	04/03	No.	04/03	Jobs	04/03	No.	04/03	Jobs	04/03
Total	175.412	2,0	820.043	1,7	22.694	0,7	133.632	2,5	89.589	2,3	412.019	1,8	63.129	2,0	274.392	1,2
Industry and energy	15.120	-0,4	222.501	-0,4	2.441	-0,4	45.432	1,4	6.694	-0,8	90.375	-0,8	5.985	-0,1	86.694	-0,9
Construction	23.990	4,0	79.819	3,2	3.153	1,9	11.511	4,2	11.268	5,2	44.108	3,7	9.569	3,3	24.200	1,9
Trade and repairs	45.972	0,5	127.478	1,9	5.688	0,1	18.524	1,4	24.327	0,4	67.599	1,7	15.957	0,8	41.355	2,4
Hotels and catering	14.879	0,3	42.495	1,8	2.037	-0,5	6.001	0,4	8.169	0,7	22.046	3,3	4.673	0,0	14.448	0,1
Transport & communic.	14.906	-0,5	47.013	1,8	1.792	0,8	5.777	1,1	7.932	-0,7	25.769	1,2	5.182	-0,5	15.467	3,0
Banking, insur. & business services	34.470	5,6	121.700	4,6	4.268	1,8	16.452	10,0	18.318	6,7	70.247	4,0	11.884	5,5	35.001	3,4
Other act. services	26.075	2,0	179.037	1,7	3.315	0,7	29.935	1,1	12.881	2,2	91.875	2,0	9.879	2,4	57.227	1,5

Source: Eustat.

By provinces, the creation of employment in Alava was higher than the Basque average, reaching a rate of 2.5%, while Bizkaia and Gipuzkoa presented rates of 1.8% and 1.2%, respectively. The Banking, insurance and business services sector led in terms of growth in employment in the three provinces, Alava stands out with a rate of 10.0%. In Bizkaia the outstanding growth rate corresponded to Hotel and Catering with 3.3%, while Gipuzkoa presented higher than average growth rates in Commerce and repairs (2.4%) and in Transport and communications with a rate of 3.0% compared to the Basque average of 1.8%.

63.1% of the personnel included in the directory were working in the services sector, followed by industry (27.1%) and construction (9.7%). The highest structural

employment in industry by province continues to be in Alava, where it accounted for 34.0% of the working population, followed by Gipuzkoa (31.6%) and Bizkaia (21.9%). This province leads in its percentage of personnel employed in the services (67.4%) and construction sectors (10.7%).

The branch with most personnel employed is Other services activities, which accounted for 21.8% of all personnel, 179,037 persons. The second most important branch was Commerce and repairs with 127,478 persons, 15.5%, and Banking, insurance and business services, 121,700 people employed, i.e. 14.8% of total employment.

As over previous years, the structure by employment size did not vary. Barely 2,161 establishments, 1.2% of the total, have 50 or more employees, a total of 310,427 jobs, 37.9% of the total. On the other hand, 130,302 establishments, almost three quarters of the total, do not reach 3 jobs and account for only 19.0% of all employment.

COMPANIES

The number of industrial and service companies that carry out their activity in the A.C. of the Basque Country grew by 2.0% in 2004, totalling 158,709 active companies. 98.0% of all companies are located in the A.C. of the Basque Country and 3,202 companies in the rest of the State, providing employment for 87,127 persons, 10.6% of the total.

The average size of companies remains stable, with 5.2 jobs per company and 4.7 employees per establishment. An analysis of the legal status does not offer substantial differences. Individual owners only account for 1.4 jobs both per enterprise and per establishment – for this group the number of establishments and companies is practically the same -, while for the rest of legal statuses the figure is 11.2 and 9.1 employees per enterprise, respectively.

BUSINESS DEMOGRAPHY

The net balance between businesses that start and cease activity is 3,424, more than double the figure in 2003. In terms of net creation of employment this represents 6,177 employed persons, due to the greater contribution to employment by new businesses compared to the loss from those that closed. Between the establishments that continued activity there was also an increase in employment by 7,646 persons. As an overall result, economic activity has represented the creation of 13,823 jobs.

A greater rotation occurs in establishments created under the legal formula of the individual, which created 58.6% of new companies and 67.3% of those that ceased activity. The overall balance for this group increased by 708 establishments and 1,596 jobs, due to the new companies, which surpassed the number of losses due to closures and transformations in other legal forms.

Demography of businesses in the A.C. of the Basque Country. 2004		
By activity	Overall balance (2004-2003) No.	Overall balance (2004-2003) Jobs
By legal identity	Overall balance (2004-2003) No.	Overall balance (2004-2003) Jobs
Total	3.424	13.823
Industry and energy	-65	-875
Construction	920	2.482
Trade and repairs	225	2.343
Hotels and catering	48	736
Transport & communic.	-69	819
Banking, insur. & business services	1.843	5.317
Other act. services	522	3.001
Total	3.424	13.823
Natural person	708	1.596
Partnership	-285	-1.921
Limited company	2.513	12.495
Others companies and assc	476	1.179
Others legal forms	12	474

Source: Eustat.

Following the dynamism of recent years, the limited company offered a positive balance of 2,513 establishments in 2004 and a net increase of 12,495 jobs. In this way, 203,328 jobs were reached in the year, 24.8% of the total. In turn, establishments belonging to public limited companies fell in number by 285 units as did their net balance in employment by 1,921 jobs, due most of all to the difference in employment between establishments that had closed down and new ones.

An analysis of the demography by activity shows the most significant branches to be Banking, insurance and business services, with 29.5% of all new businesses and 21.8% of all closures, and Construction, 23.4% of new businesses and 22.3% of closures; proportions which were very much higher than their respective weights in the total sectors.

In terms of employment, the highest contribution corresponded to Banking, insurance and business services, which provided 38.5% of all new employment. This contribution was also higher than would correspond to its specific weight among all the sectors (14.8%). In second place was the sector Other service activities, with a net contribution of 21.7%, leaving the Construction sector in third place, with 18.0%.

By establishment size, the most dynamic stratum was without doubt that of 2 or fewer employees. They account for 85.4% of all new businesses and 85.3% of all closures. In addition, it is the only group that lost establishments due to strata changes, as some cases resulted in movements to higher employment levels. The most dynamic stratum with regard to overall job creation was the group of 3-5 employees, which accounts for most new employment, above all due to the increase in employment among establishments that continue to operate. Adding the positive difference between new and closed businesses, this stratum contributed 4,035 new jobs, 29.2% of the total.

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