

**BASQUE BUSINESS STRUCTURE AND DEMOGRAPHY 1-1-2009**

## Three quarters of Basque establishments had less than 3 employees and accounted for 19.4% of jobs

***The limited liability companies employ more people than limited companies for the second consecutive year***

The structure by number of employees in the establishments of the Basque Country remained unchanged throughout 2008, according to Eustat data. Barely 2,437 establishments, 1.2% of the total, had 50 or more employees, with a total of 355,386 posts and 37.7% of the total. On the other hand, 150,438 establishments, nearly three quarters, had less than 3 employees and accounted for just 19.4% of all jobs.

Companies operating in the Basque Country, except for those of the primary sector, carried out their activities in 202,093 establishments (factories, shops, offices, etc.) and employed 952,510 people, 1.1% more than the previous year. In the period between 1 January 2004 and 1 January 2009, employment in the Basque Country grew by 132,467 people, at an average annual accumulated rate of 3.0%.

The total number of establishments shrunk by 0.9%. The decrease was centred on the Industry and Energy sector (0.7%), Construction (-2.8%), Trade, Transport and Hotels & Catering (-0.4%) and Other Services (-2.9%). The highest growth was in the Real Estate sector (3.9%).

### Establishments and employment by branches of activity 1-1-2009

	Basque Country				Álava				Bizkaia				Gipuzkoa			
	N.	09/08	Employment	09/08	N.	09/08	Employment	09/08	N.	09/08	Employment	09/08	N.	09/08	Employment	09/08
<b>Total</b>	<b>202.093</b>	<b>-0,9</b>	<b>952.510</b>	<b>1,1</b>	<b>26.791</b>	<b>-0,5</b>	<b>152.568</b>	<b>1,0</b>	<b>104.593</b>	<b>-0,2</b>	<b>486.100</b>	<b>1,6</b>	<b>70.709</b>	<b>-2,0</b>	<b>313.842</b>	<b>0,2</b>
Industry and energy	14.884	-0,7	221.866	-1,8	2.410	-2,7	45.959	0,5	6.691	-0,3	89.514	-3,3	5.783	-0,2	86.393	-1,4
Construction	33.679	-2,8	98.364	-1,8	4.720	-0,8	15.004	-1,3	16.465	-1,5	53.503	-1,7	12.494	-5,2	29.857	-2,2
Trade, transportation and storage and accommodation and food service activities	78.838	-0,4	245.321	1,8	10.169	0,1	35.085	1,9	42.192	0,0	129.930	1,9	26.477	-1,1	80.306	1,5
Information and communication	3.538	2,2	24.338	1,0	454	0,9	2.554	2,7	1.869	1,4	15.605	0,2	1.215	3,9	6.179	2,4
Financial and insurance activities	5.239	1,2	22.464	2,8	779	3,5	2.713	2,9	2.773	1,4	12.815	1,9	1.687	-0,2	6.936	4,6
Real estate activities	6.134	3,9	8.043	9,3	270	8,9	487	3,4	3.586	3,7	4.875	9,1	2.278	3,8	2.681	10,7
Professional activities	30.519	2,0	128.057	10,7	4.134	2,9	16.796	6,0	16.238	2,4	76.139	14,8	10.147	1,0	35.122	4,9
Public Administration, education and health	15.210	1,0	168.253	1,8	2.026	0,1	29.098	2,7	8.127	1,7	84.991	1,8	5.057	0,2	54.164	1,3
Other service activities	14.052	-2,9	35.804	-0,3	1.829	-1,5	4.872	0,3	6.652	-2,0	18.728	-0,1	5.571	-4,5	12.204	-0,8

Source: Eustat. Directory of Economic Activities

Employment increased in all branches of activity, except Industry and Energy, with a 0.2% fall, Construction with the same figure and Other Services, with 0.3%. The highest growth rate was seen in Banking, Insurance and Business Services sector, up 10.7%, followed by Real Estate Activities (9.3%).

By province, the rate of growth in employment in Bizkaia surpassed the Basque average, reaching a rate of 1.6%, while Álava showed a rate of 1.0% and Gipuzkoa

one of 0.2% The Banking, insurance and business services sector led the growth of employment in Bizkaia with a rate of 14.8%, while negative figures were posted for Industry and Energy (-3.3%), Construction (-1.7%) and Other Services (-0.1%). The growth rate of Banking, insurance and business services was also notable in Álava, with 6.0%, while Industry and energy turned out to be negative (-1.3%). Finally, Gipuzkoa had an above-average rate for Real Estate Activities (10.7%), while the rate was negative for Industry and Energy (-1.4%), Construction (-2.2%) and for Other Services (-0.8%).

66.4% of personnel included in the directory belonged to the services sector, followed by industry and energy (23.3%) and Construction (10.3%) The maximum structural employment in industry by provinces continued to be in Álava, totalling 30.1% of employed personnel, followed by Gipuzkoa (27.5%) and Bizkaia (18.4%). This last-named province was at the head of employment, in terms of percentage, in the services sector (70.6%) and in construction (11.0%).

The branch of services with the highest employment rate was Trade, Transport and Hotels & Catering with 25.8% of the total, 245,321 people. It was followed in order of importance by Public Administration, Education and Health, totally 168,253 people, and Banking, Insurance and Business Services, with 128,057.

## **COMPANIES**

The number of companies carrying out their activities in the Basque Country, not including the primary sector, grew by 1.1% in 2009, making a total of 184,284 trading companies, down by 2,006 compared to 2007. 97.7% of companies had their headquarters in the Basque Country and 4,222 companies were based in the rest of the State, employing 111,503 people, 11.7% of the total. .

The average size of companies was up slightly, with 5.2 employees per company and 4.7 employees per establishment. If we analyse the legal form of ownership, however, we can see significant differences between them. Individually-owned companies employed only 1.4 people, both per company and per establishment, while for the other forms of legal ownership these averages rose to 10.5 and 8.6 employees per company and per establishment respectively.

## **BUSINESS DEMOGRAPHICS**

The net balance between establishments that started up and those that ceased their activities was -1,794, compared to the positive balance of 6,395 establishments the previous year. In terms of net job creation, this meant an increase of 1,052 people in employment, due to the greater employment contribution by the new establishments compared to the loss of the ones that closed. Among those establishments that carried on with their activities, there was also an increase in employment of 9,004 people. As an overall result, economic activity meant the net creation of 10,056 jobs.

The greatest rotation was seen among establishments legally created with the status of individual ownership, generating 57.2% of new openings and 63.4% of closures. The overall balance of this type, due to new openings, showed an increase of 2,131 establishments and 2,314 jobs, which outweighed the losses due to closures or transformations to different types of legal ownership.

## Demographics of establishments. Basque Country

Demographics of establishments: Basque Country					
	By activity			By legal status	
	Overall balance (2009-2008)			Overall balance (2009-2008)	
	N.	Employment		N.	Employment
<b>Total</b>	<b>-1.794</b>	<b>10.056</b>	<b>Total</b>	<b>-1.794</b>	<b>10.056</b>
Undetermined	-1.113	-5.308	Individual holder	-2.131	-2.314
Industry and energy	-104	-3.997	Partnership	-162	-2.243
Construction	-969	-1.785	Limited company	2.141	14.429
Trade, transportation and storage and	-304	4.309	Other companies and associations	-1.092	1.372
Información y comunicaciones	76	246	Other legal forms	-550	-1.188
Actividades financieras y seguros	62	621			
Actividades inmobiliarias	233	684			
Actividades profesionales	599	12.407			
Adm. pública, educación y sanidad	149	2.986			
Otras actividades de servicios	-423	-107			

Source: Eustat. Directory of Economic Activities

In keeping with the pattern of recent years, the Limited Liability Company (Sociedad Limitada) is the only legal status that showed a positive global balance of 2,141 establishments and a net increase of 14,429 jobs. This meant that they reached a figure of 294,182 jobs for the year, 30.9% of the total. In turn, establishments belonging to Limited Companies (Sociedades anónimas) reduced in number by 162 units and there was also a reduction in their net employment balance, which fell by 2,243 jobs. With these results, limited liability companies employ more people than limited companies for the second consecutive year in the Basque business structure.

If we analyse the demographics by activity, the most outstanding branches were Trade, Transport and Hotels & Catering, with 29.4% of all openings and 29.0% of all closures, and Construction, with 21.6% of openings and 26.7% of closures, and Banking, Insurance and Business Services with 20.0% of openings and 14.9% of closures.

In terms of employment, the greatest contribution was in the Banking, Insurance and Business Services sector, both due to the fact it created more jobs than it lost, and in the strong increase in employment in the companies that remained. Second can be the Trade, Transport and Hotels & Catering sector, with a net contribution of 43.0%.

As for the size of the establishment, the most dynamic stratum, as is usually the case, was that of 2 or less employees. It alone accounted for 87.8% of all openings and 89.3% of all closures. In addition, this type of establishment was also very dynamic in terms of overall employment creation, contributing 1,320 net jobs. However, the stratum of 50 or over employees was the most dynamic in terms of overall employment creation, contributing 8,638 net jobs.

### For further Information:

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