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## Enterprises in Portugal

2013

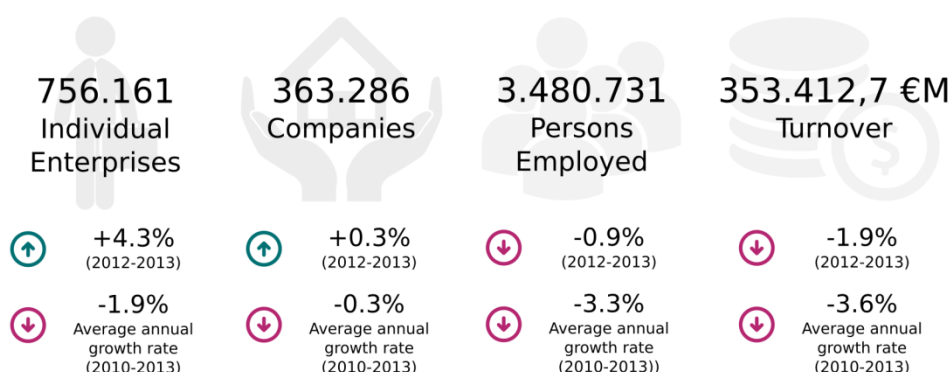
### Enterprise Statistics – Final results for 2013: More enterprises, less business and less employment

There were, in 2013, 1.119.447 enterprises in Portugal, a 3.0% increase from the previous year. Nonetheless, the turnover and persons employed have decreased (-1.9% and 0.9% respectively). The decline of turnover and employment was more significant in financial enterprises (-10.7% and -3.0% respectively) than in non-financial enterprises (-0.7% and -0.8%). A slight increase in the share of high growth enterprises and their weight in total GVA (0.2 p.p. in both cases) was observed in 2013. The weight of exporting companies continued to increase between.

With the publication "Enterprises in Portugal 2013", Statistics Portugal disseminates the main statistical findings regarding the structure and evolution of the Portuguese business sector for the period 2010-2013, obtained from the Integrated Business Accounts System (SCIE).

The revision of business statistics for this period comes from the implementation of ESA 2010 in the National Accounts, resulting, among others, in changes in the classification of the institutional sector of the entities, thus affecting the delimitation of the business sector. The most significant example is the case of enterprise-hospitals that changed from the non-financial companies sector, to the Public Administration sector.

>> **Figure 1 – Main economic indicators of enterprises (2010-2013)**



**2013** Obligation of registration of all farmers with business activity

**+ 50 451** individual enterprises in the Agriculture and Fishing sector than in 2012

Source: Statistics Portugal, IBAS

Between 2010 and 2013, a period marked by the adjustment program agreed between the Portuguese Government, the International Monetary Fund and the European Union (EU), the main macroeconomic indicators decreased in Portugal, in a scenario of moderate growth of the EU.

The total number of companies in Portugal increased 3.0% in 2013 in relation with 2012, while the persons employed and the turnover decreased 0.9 and 1.9% (annual average growth of -3.3% and -3.6% since 2010). The average annual decrease of the main economic indicators was more significant in financial than in non-financial enterprises, namely in the number of enterprises (-2.5% against -1.4% in non financial companies), the turnover (-7.4% against -3.1%) and GVA (-9.0% against -4.9%)..

>> **Figure 2 – Births and survivals of companies by juridical form (2010-2013)**

	Year	Births	Birth (exc. Agriculture and Fishing)	Survivals					
				1 year		2 years		3 years	
		Num	Num	Num	%	Num	%	Num	%
Total enterprises	2013	200.925	144.514						
	2012	134.757	127.204	95.611	71,0				
	2011	144.233	136.772	101.426	70,3	73.353	50,9		
	2010	138.376	134.657	96.929	70,0	67.365	48,7	51.918	37,5
Individual enterprises	2013	168.383	113.535						
	2012	107.231	101.045	70.667	65,9				
	2011	113.142	106.661	73.181	64,7	49.034	43,3		
	2010	112.116	109.073	72.833	65,0	46.568	41,5	34.074	30,4
Companies	2013	32.542	30.979						
	2012	27.526	26.159	24.944	90,6				
	2011	31.091	30.111	28.245	90,8	24.319	78,2		
	2010	26.260	25.584	24.096	91,8	20.797	79,2	17.844	68,0

Source: Statistics Portugal, Business demographics

The births of enterprises in Portugal increased significantly in 2013, driven mainly by the increase in the birth of individual enterprises (57.0%), explained mostly by the obligation of registration of all farmers with business activity. Nonetheless, excluding the Agriculture and Fishing sector, the increase in enterprise and company births (12.4% and 18.4% respectively) from 2012 was still observed. A slight increase in high growth enterprises was observed in 2013.

In the non-financial sector, there were 957 large enterprises responsible for 41.2% of the turnover. The GVA increased in small and medium enterprises 1.2% and 1.0% respectively, having decreased 0.9% and 0.9% in micro and large enterprises. Between 2010 and 2013, a decrease in GVA and persons employed was observed, particularly in the Construction and Real Estate.

Restricting the analysis to non-financial companies, there was a decrease of 3.4 p.p. in the share of companies with negative net income to 47.7% in 2013 having reached an average net income of 11.6 thousand Euros per company (in relation to -1.2 in 2012).

The equity ratio of non-financial companies increased 0.01 to 0.30 between 2012 and 2013, returning to the 2010 level. Among the business sectors, the negative highlight goes to Accommodation and Food Service sector, whose ratio decreased from 0.30 to 0.20 between 2010 and 2013. The investment rate increased in most business sectors in 2013, while the expenses in research and development as percentage of the GVA decreased 0.2 p.p. to 0.7%.

The weight of companies with an exporting profile increased between 2010 and 2013, being larger in Industry. These companies developed more positively than non-exporting in 2013, with an increase in the gross operating surplus above that of non-exporting companies.

## Methodological note:

The publication “Enterprises in Portugal 2013”, published by Statistics Portugal, updates the main statistical indicators of enterprises, characterizing the structure and evolution of the Portuguese business sector from the years 2010 to 2013, obtained from the Integrated Business Account System (SCIE).

The revision of business statistics for this period comes from the implementation of ESA 2010 in the National Accounts, resulting, among others, in changes in the classification of the institutional sector of the entities, thus affecting the delimitation of the business sector. One of the most important changes was the reclassification of several public institutional units, previously in the non-financial companies sector, in the sector of Public Administrations, such as the cases of enterprise-hospitals. These were, indeed, the main responsible for the differences between the new and the old data series.

Taking the opportunity to review the series of statistical data, certain improvements were made in the treatment of information, namely in what regards the treatment of some tax on products and the concept of enterprise, which has led to adding companies previously not considered and to the revision of economic data of others.

In the case of the tax on products, where these values were included in the value of sales, they were reclassified as other gains, which affects, consequently, the final turnover and GVA. This amendment is in line with the recommendations of the European regulation, and also with the treatment of data carried out in the context of the National Accounts.

The disseminated statistical data was obtained from the Integrated Business Account System, which results from a business statistics integration process, based on administrative data, with a focus on the Simplified Business Information (IES). This information is complemented, on the one hand, with data of sole proprietors and independent workers (designated by individual enterprises) received via an established protocol between Statistics Portugal and several bodies of the Ministry of Finance and, on the other hand, with information from the Statistical Units File.

The scope of economic activity includes all enterprises from sections A to S of NACE-Rev.2, with the exception of Public Administration and Defense; Compulsory Social Security (section O).

In the analysis of non-financial enterprises, only enterprises from sections A to S (except K and O) of NACE-Rev.2 were considered. The sectors were aggregated in 9 larger groups: Agriculture and Fishing (section A of NACE-Rev.2), Manufacturing (sections B to C), Energy and Water (sections D to E), Construction and Real Estate (sections F to L), Distributive Trade (section G), Transportation and Storage (section H), Accommodation and Food Services (section I), Information and Communication (section J) and Other Services (sections M to S).

In view of the very different characteristics of companies and individual enterprises, it was chosen, in chapter 4, to focus the analysis solely on units formed in the legal form of companies. For individual enterprises, it's assumed that only those that have an organized system of accounting have balance sheet values, meaning that the interpretation of financial ratios calculated on the basis of these values, for the total non-financial enterprises, would lead to biased results.

The classification of large enterprises was based on the recommendation of the Commission of May 6th, 2003. As such, enterprises were considered to be **large** when observing one of the following criteria:

- 250 or more persons employed or;
- Turnover above 50 million Euros and total assets above 43 million Euros

The remaining companies were considered **SME**, of which:

- A **small** enterprise is one that employs less than 50 people and whose turnover or total assets does not exceed 10 million Euros.
- A **micro** enterprise is one that employs less than 10 people and whose turnover or total assets does not exceed 2 million Euros.

It was considered as **exporting** companies those with exports of goods and services that comply with the following criteria:

- Companies where at least 50% of the turnover originates from exports of goods and/or services or;
- Companies where at least 10% of the turnover originates from exports of goods and/or services and the total value of exports exceeds 150.000€

**High growth enterprises** correspond to enterprises with an average annual growth, over a three year period, higher than 20% measured by number of employees.

#### Financial and economic ratios:

Equity ratio = Total equity / Total assets

Investment rate = Gross fixed capital formation / GVA \* 100

Research and Development expenditure (R&D) as % of GVA = Expenditure in development projects and computer programmes / GVA \* 100

#### Acronyms:

NACE Rev.2: European Classification of Economic Activities, Revision 2

SME: Micro, small and medium enterprises

p.p: Percentual points

IBAS: Integrated Business Account System

ESA 2010: European System of Accounts

EU: European Union

GVA: Gross value added

#### Information to users:

This and other information related with this study can be found on the official statistics' website: [www.ine.pt](http://www.ine.pt).