



Business Demography and Data Products from the Business Registers

Business Demography in Israel

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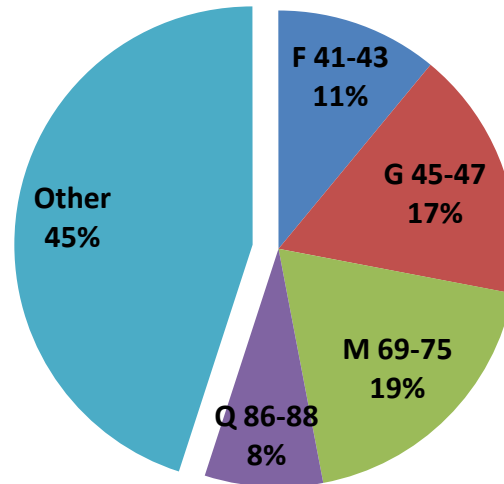
Business Register

- **Business Demography** data are produced based on the **Business Register**
- **Israel's Business Register** was established in 2003 (by the Israeli Central Bureau of Statistics)
- Compatible with international requirements (OECD, EUROSTAT)
- Confidential – not open to the public
- Data in the Business Register have been obtained consistently from two main administrative files:
 - A file received from the **VAT authorities** (Value Added Tax)
 - A file received from the **National Insurance Institute** (social security)
- Matching of the data from these two sources provides the basis for establishing a repository of business records which contains monthly data on: revenue, employee jobs, wages as well as unit's administrative parameters (ID number, name, address...)

Active Enterprises

- Approx. 550 thousands active enterprises in all industries in 2015
- Average annual growth of approx. 3% (2003-2015)

Active Enterprises (percentages), by Industry (ISIC Rev.4), 2015

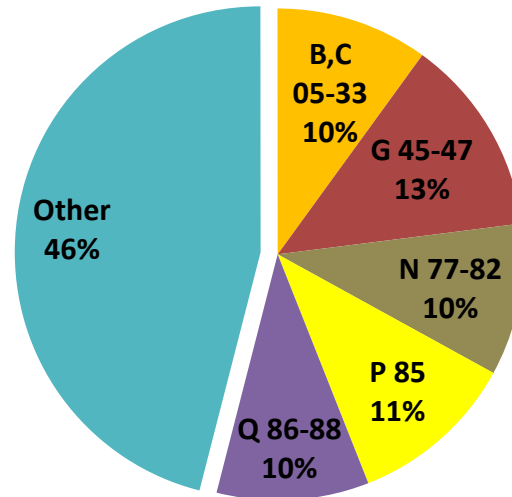


- **The highest percentage of active businesses** of all active businesses of all industries in 2015 was found in Professional, scientific and technical activities (Section M), comprising approx. 19%.
- **The lowest percentage of active businesses** of all active businesses in the economy during 2015 was found in Local, public and defence administration and social security (Section O) (0.2%).

Employee Jobs

- Approx. 3,660 thousands employee jobs in all industries in 2015
- Average annual growth of approx. 3% (2003-2015)

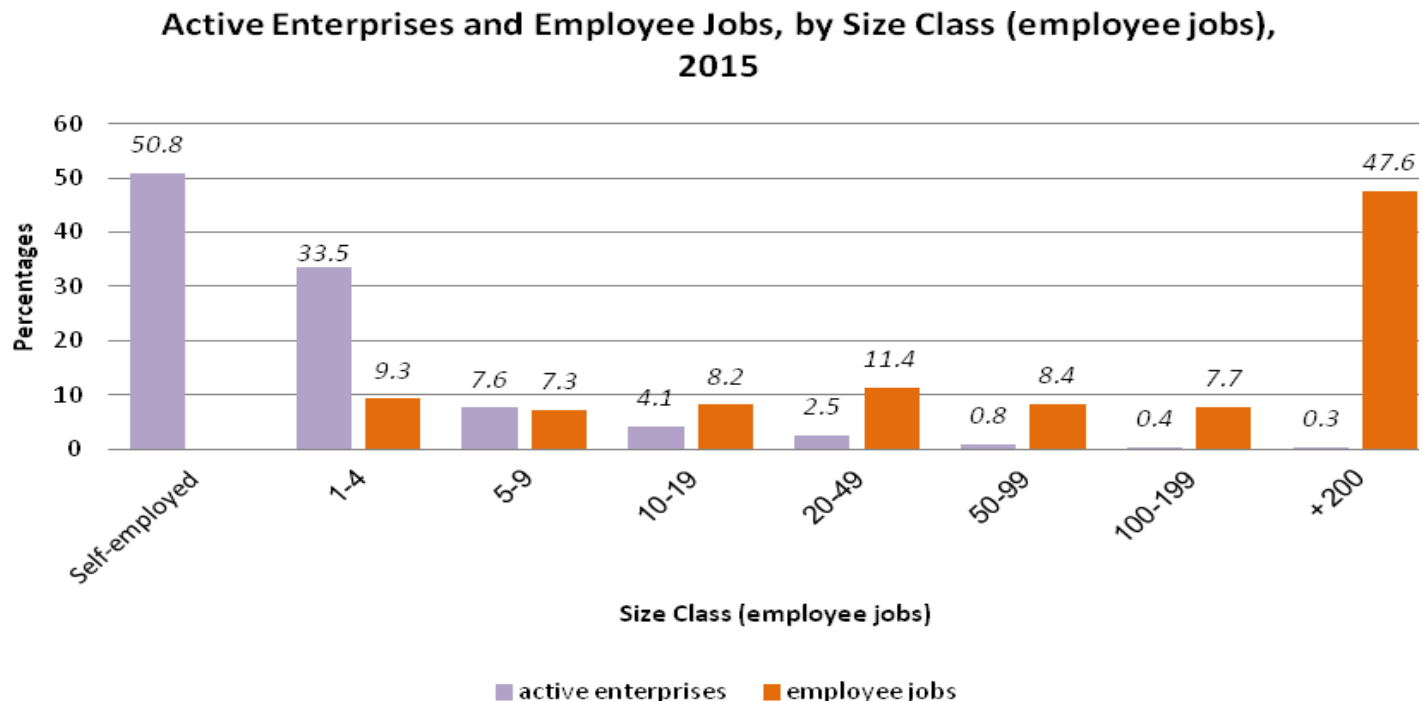
Employee Jobs (Percentages), by Industry (ISIC Rev.4) ,2015



- The highest percentage of employee jobs of all employee jobs of all industries in 2015 was found in Wholesale and retail trade and repair of motor vehicles (Section G), comprising approx 13%.
- The lowest percentage of active businesses out of all active businesses in the economy during 2015 was found in Real estate activities (Section L) comprising approx 1%.

Active Enterprises, by Size Class (employee jobs)

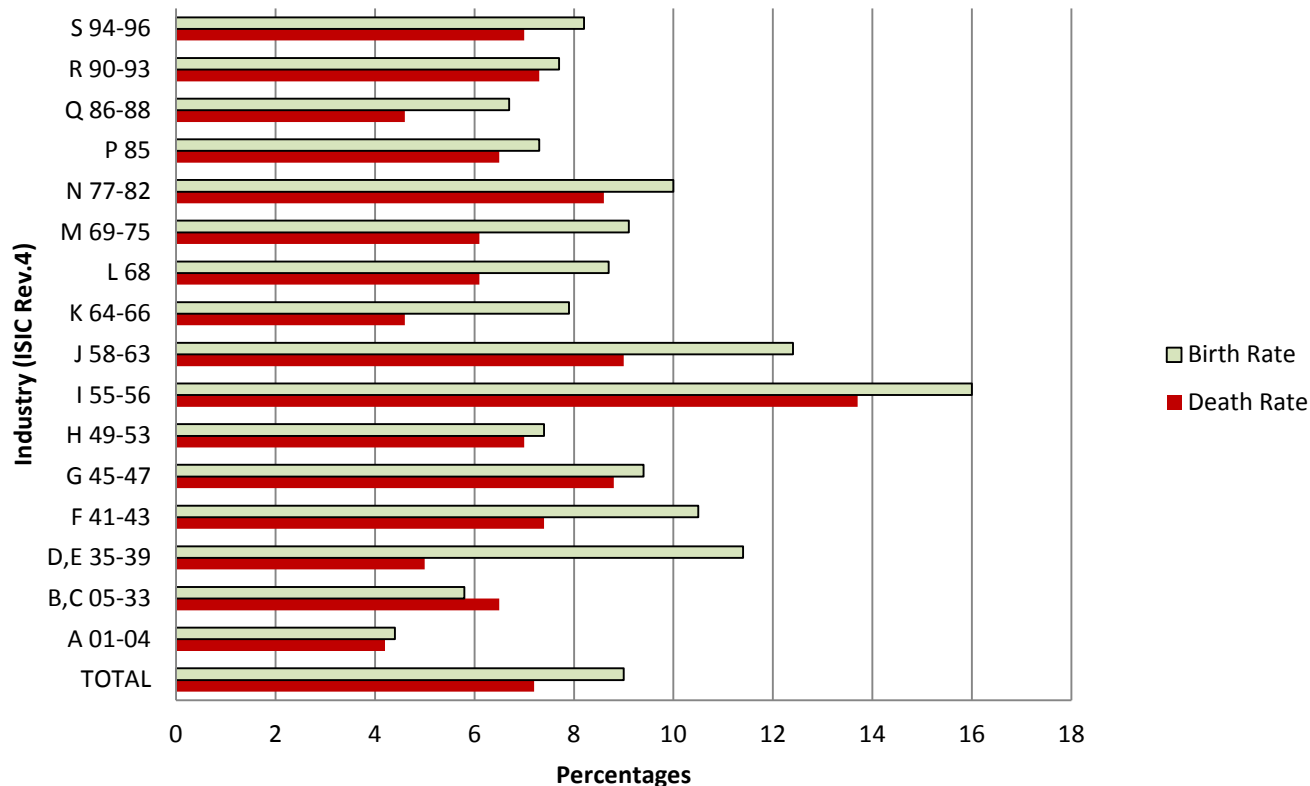
- Approximately 51% of all active businesses among all industries in the economy in 2015 belonged to self-employed persons and companies that did not hire employees.
- Among the remaining 49% of active enterprises which are employers, 92% employed up to 20 employees.
- 55% out of all employee jobs among all industries in the economy in 2015 were in enterprises that employed more than 100 employees. These enterprises comprised less than 1% of all active enterprises that year.



Enterprises' Births VS. Deaths - 2013

- In 2013, approx. 46 thousands enterprises were born (9% of all active enterprises) and 37 thousands enterprises died (7.2% of all active enterprises).
- As a result of enterprises' births and deaths, 78 thousands employee jobs were added to the Israeli economy and 48 were subtracted, respectively

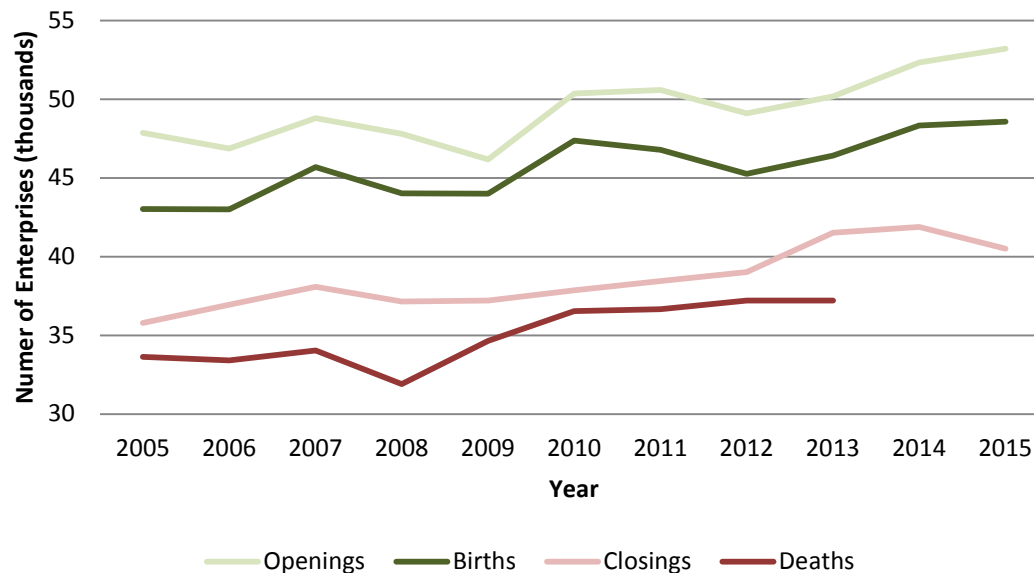
Enterprises' Births VS. Deaths, by Industry (ISIC Rev.4), 2013



Openings and Closings VS. Births and Deaths

- Until 2009, movement of enterprises in the Business Register was produced according to registration dates at the VAT authorities only.
- **Opening of an enterprise** was defined in the year of activity in which the date that opening of an enterprise is registered at the VAT authorities.
- Similarly, **Closing of an enterprise** is defined as the year of activity in which the termination of the activity of the enterprise is registered at the VAT authorities.
- The advantage of this method, compared to Enterprise Births and Deaths, is that the data for Enterprise Closings is available for later years (2014-2015) than Enterprise Deaths

**Enterprises' Openings and Closings VS. Birth and Deaths
2005-2015**

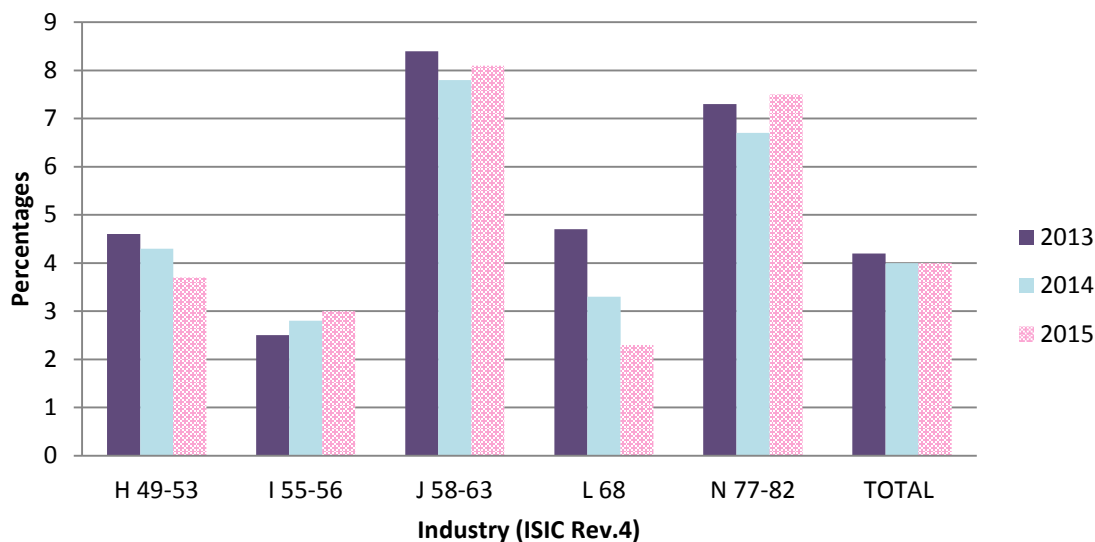


High Growth Enterprises

(by Employment – more than 10 employees)

- The percentage of high-growth enterprises in 2015, among all industries was 4%.
- The highest percentage of high-growth enterprises in 2015 (8.1%) was in Information and Communications (Section J). The main contribution to this high percentage was from the enterprises classified under Division 62: Computer programming, consultancy and related activities.
- The lowest percentage of high-growth enterprises in 2015 (2.3%) was in Real Estate Activities (Section L).

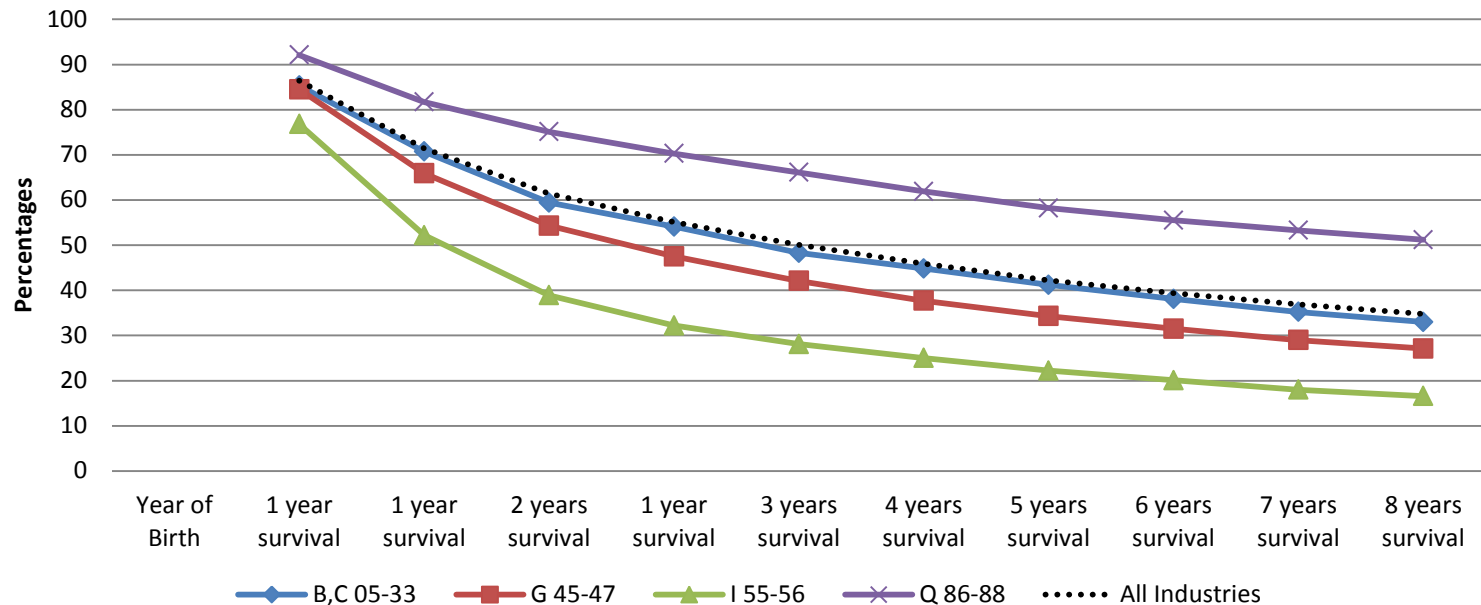
**High Growth Rate in selected industries (ISIC Rev.4),
2013-2015**



Survival Rate

- Approx. 89% of the enterprises born in 2014 survived their second year of activity.
- Approx. 35% of the enterprises born in 2005 survived their eleventh year of activity.

Survival Rate thourought the years (2006-2015) of Enterprises' Births in 2005, by selected Industries (ISIC Rev.4)



- An analysis of the percentages of survivals of enterprises born in 2005 by industry reveals that from the year of birth until 2015, enterprises in **Accommodation and Food Service Activities (Section I)** had the lowest survival rate.
- The highest survival rate was observed in **Human health and social work activities (Section Q)**.

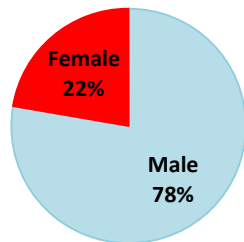
Challenges

- **VAT Partnerships/Dealers' Union** - VAT Law requires a partnership to be registered at VAT as a partnership dealer. In addition, the VAT authority also makes it possible for a number of dealers who are not a partnership to register as a “dealers' union” for the sake of reporting jointly on revenue. A partnership/dealers' union may include dealers from similar or different industries. In cases where the dealers act in different industries, the unit is classified according to its main activity. The difficulty in classifying partnerships leads to small deviations in the estimates for industries. It should be noted that in 2015, approx. 5% of all dealers were partnerships and their revenue constituted approx. 40% of total revenue in the economy.
- **Local Units** - Data on employers are obtained from the National Insurance Institute’s administrative files. The files include employment units with aggregated data on the number of employee jobs, and may also include data on multi-disciplinary economic activity in terms of industries and in geographical terms. This is reflected in large employers such as local authorities, primary schools, banks, health maintenance organizations, chain stores, telecommunications, and postal and courier services. This may create a problematic situation, in which all of the workers employed in a large business that contains thousands of employee jobs are registered geographically at one address, which is the address listed at the National Insurance Institute (and is usually the same as the business address obtained from VAT), even when the workers are actually scattered among branches of the business throughout the country.

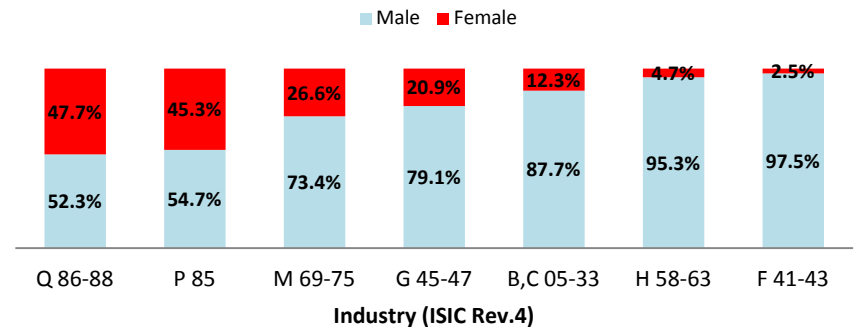
New Developments

- As a result of collaboration between the Business Register Unit (Business-Economy Department), Population Register (Demography Department) and Education Register (Education Department) we are now able to produce Business Demography Statistics according to characteristics (gender, population group, marital status, year of birth and education level) of the enterprises' owners.

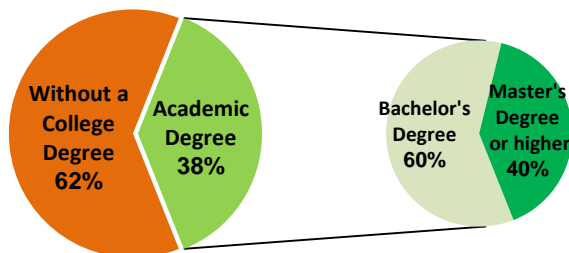
Ownership in Active Enterprises by Gender, 2012



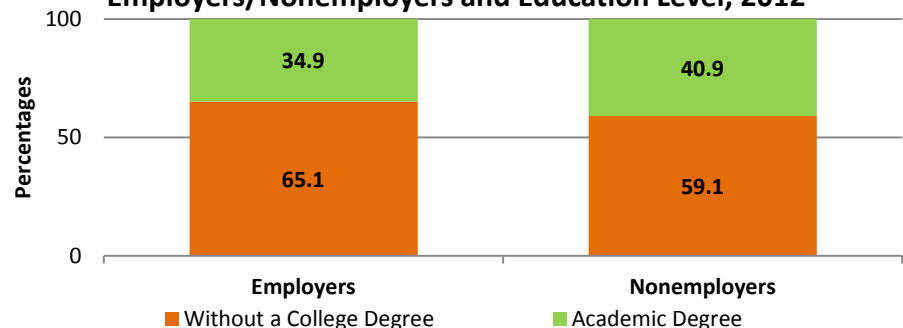
Ownership share in Active Enterprises by Gender, selected Industries, 2012



Ownership share in Active Enterprises by Education Level, 2012



The population of business owners, by Employers/Nonemployers and Education Level, 2012



Thank you !

