# **KEY DISCOVERIES (common sample)**

# *Based on data from BUSINESS DYNAMICS Power Bi 2018 – 2021.*

The Business Dynamics survey is completed every year. It collects data from business registers from around the world on registered companies, incorporations and terminations.

This Key Discovery document is based on the responses from 39 respondents that have completed the survey every year between 2018 – 2021. They represent around 45 million companies.

# *Registered Companies*

* The number of registered companies on the registers in the responding jurisdictions has been steadily rising in the period 2018-2021, regardless of development status or region.
* The number of registered companies on the registers in the responding jurisdictions per 1000 inhabitants has also been rising regardless of development status. We mark a low but stable growth rate of the number of registered companies per 1000 inhabitants in the developed countries and the countries in transition, while in the developing countries the nubmer shows considerable raise in 2021 compared to previously observed years.
* In Europe the total number of companies has increased slightly by 1.57 % in 2019-2020, and showing increase by 2.33 % in 2020-2021. Substanstial increase in LLCs and increase in private limited companies, but decrease in other legal forms.
* There is a reduction in the total number of general partnerships across jurisdictions regardless of development status mostly in countries of North America, Europe and Asia. In North America there is significant decrease of limited companies in 2021, while in South America there is significant decrease in LLC’s. In Oceania for 2021, the biggest decrease is withnessed in Limited Companies
* In developed economies the biggest increase is observed in Private Limited Companies by 10.10% and LLC’s by 13.82%, 2021 compared to 2020. In developing companies. In developing economies frontrunner in terms of growth are LLC’s with 87.52%, while drop is observed in Limited Companies in 2021 compared to 2020. In transitioning economies growth is observed with Private Limited Companies (2.28%) and Public Limited Companies (22.36%). Drop is observed in General Partnerships (-13.60%), Sole Traders (-3.06%) and LLC’s (-4.23%).

# *Incorporations*

* New incorporations have been rising in developed and developing jurisdictions, while there is slight decrease in absolute number of incorporations in transitioning economies for the observed 39 jurisdictions for 2021.
* Negative growth rate of incorporations 2020-2021 compared to 2019-2020 only in jurisdictions in transition (-11.24%).
* Increase in new incorporations (2020-2021) of 10.79%% in developed jurisdictions, 18.03% in developing jurisdictions but decrease of 11.24% in jurisdictions in transition.
* New incorporations have also been rising regardless of geographical region, except for Asia were new incorporation have been decreasing.
* In responses from North American jurisdictionas there is an incrase of incorporations of all types of entities aside from General Partnership where there is a slight decrease. South American jurisdictions have reported significant increase of incorporations of LLC’s, and a significant decrease of incorporations of Private Limited Companies. European jurisdiction have reported slight increase of all organizational types in 2021. In Oceania the trend was stable with slight decrease of incorporations of General Partnerships and slight increase of incorporations of Limited Companies.
* However, in Europe there is a lower growth rate for 2019-2020 (1.24%) compared to 2018-2019 (6.67%).
* The number of incorporations per 1000 inhabitants has been rising in developed and developing jurisdictions, but not in transition jurisdictions.
* The responses from Asian, North and South American and Oceanian registries, show 1.41, 8.70, 3.64, 22.79 respectively new incorporations per 1000 inhabitant.
* The ratio incorporations/registered companies has been pretty steady in 2018-2021 regardless of development status. For the European jurisdictions there is a steady ratio of 0.08 in the entire period.

# *Terminations*

* Regarding terminations, regardless of the development status there is an increase in 2021 compared to 2020, with notable increase in developed jurisdictions.
* The proportion per 1000 inhabitants slight increase is observed throughout the period regardless of the development status, with notable increase in 2021 in developed economies.
* There are big differences in terminations per 1000 inhabitants among developing, developed and transition countries. While in developed countries terminations are between 3 and 5 per 1000 inhabitants, in transition countries between 1 and 2, and in developing countries below 1 in four years.
* The proportion between terminations and incorporations is also higher in developed countries, over 65%, followed by developing areas with values under 50%. In transition countries this proportion is around 20%. This proportion increases in 2021 compared to 2020.
* Considering the terminations by region per 1000 inhabitants, Oceania has the lead with 14.16, followed by Europe with 4.31, North America with 4.28, and Asia with 0.68.
* Regarding the proportion between compulsory and total terminations, the numbers of developing countries are very similar to developed ones. For transition countries this proportion is always lower than in the other areas.
* In North America there is almost doubled number of terminations of Sole Traders, General Partnerships and Limited Companies, and significant increase of terminations of LLCs for 2021 compared to 2020.
* South America has stable number of terminations of all organizational forms for 2021 compared to 2020.
* In Europe there is significant increase in terminations of LLCs and Private Limited Companies for 2021 compared to 2020.
* Oceania has significant increase in terminations of Sole Traders for 2021 compared to 2020.
* Asia showed steady trend for termination across all organizational forms for 2021 compared to the previous period.
* Looking closely by regions in terms of the proportion of incorporations/terminations (at the ratios) there are no significant changes.
* Looking at the trend of incorporations minus terminations in Asia and Europe there is negative trend General Partnerships and Public Limited Companies. In South America there is negative trend only in Public Limited Companies, while in Oceania negative trend is present only with General Partnerships.
* The ratio compulsory vs. total terminations is steady across all regions for the respective period.