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The Profile of Accommodation and Food Services Activities in the Portuguese Economy

Alcina Nunes

Abstract The accommodation and food services sector is vital to Portugal's tourism industry, contributing significantly to economic output and employment. This study analyses the sector's business dynamics from 2004 to 2022, focusing on key indicators such as business entry, exit, and survival rates. The research uses recent administrative data to examine in an exploratory manner how businesses within the sector have responded to significant economic challenges, including the global financial crisis and the COVID-19 pandemic. The findings reveal a resilient yet evolving sector, with a noticeable shift towards corporate consolidation and a decline in sole proprietorships. The study highlights the sector's sensitivity to economic fluctuations, underscoring the need for strategic planning and policy intervention to support sustained growth and stability. These insights provide valuable guidance for policymakers and industry stakeholders seeking to navigate future economic uncertainties and foster a more robust accommodation and food services sector in Portugal.

Keywords Business demography · Tourism · Accommodation and food services sector · Portugal

JEL Classification L83 · R11 · Z30

1 Introduction

The accommodation and food services sector, which includes activities such as hotels, restaurants, catering, and event management, plays a crucial role in Portugal's economy, significantly contributing to employment and wealth generation. With the ongoing globalisation trends and technological advancements, a deep understanding of this sector's dynamics has become increasingly important. Characterised

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by rapid growth, high labour intensity, and a substantial economic impact, the business dynamics of this sector are vital to many economies, including Portugal. This sector is a key driver of job creation, helping to reduce unemployment and bolster the economy. According to Sharma et al. (2016), the food service industry is particularly labour-intensive, requiring effective management to boost productivity and maintain growth. The sector is also highly susceptible to economic shifts. For instance, Revoredo-Giha and Dogbe (2023) examined the effects of the COVID-19 pandemic on Scotland's food industry, highlighting the sector's vulnerability and the ripple effects on related industries. Furthermore, regional disparities and competitive pressures shape the sector's business dynamics, as illustrated by Hidayati (2019), who explored the uneven distribution and varying growth potential of the sector across different regions.

Business demography is essential for understanding economic development dynamics, especially in a world where businesses must navigate rapidly changing market conditions, technological advancements, economic and health crises, and regulatory shifts. This field studies the life cycle of businesses—tracking their creation, growth, and eventual exit from the market—and provides insights into the broader economic environment. Examining business demography allows us to understand better how external factors like economic and health crises, technological change and globalisation affect business dynamics. As markets become more interconnected, businesses must contend with a complex landscape of global competition and technological disruptions. Business demography provides the analytical tools to assess how these factors influence business creation, survival, and growth, enabling businesses and policymakers to respond to evolving conditions effectively.

Analysing the dynamics of business entry, exit, and survival in the accommodation and food services sector is vital for crafting strategies to enhance the sector's economic resilience and growth. The recent challenges, including the COVID-19 pandemic and ongoing economic crises, have profoundly affected tourism-related activities, underscoring the need to examine how businesses in this sector adapt and survive under such conditions. While existing research offers valuable insights into business dynamics, there is a significant gap in studies focused specifically on the accommodation and food services sector within the Portuguese economy. However, some recent studies must be underlined. Pereira et al. (2017) emphasise the importance of predictive models for business failure, highlighting the need for targeted analysis in the hospitality sector. Additionally, Patel and Guedes (2017) discuss the importance of efficiency improvements during recessions, emphasising the relevance of survival strategies.

Therefore, his study aims to profile the Portuguese economy's accommodation and food services activities from 2004 until 2022 by conducting a descriptive statistics exploratory analysis of the evolution of entry, exit, and survival rates in accommodation and food services activities, leveraging recent administrative data to provide actionable insights for stakeholders, namely policymakers, sector's stakeholders, and researchers. The study intends to be the first step in understanding the patterns followed by the sector in recent years, offering a picture of the sector's evolution.

The paper is structured into five sections. Following this introduction, the paper presents a brief literature review on business demography focusing on research in the tourism and hospitality sectors. This is followed by the methodology and results sections, with the paper concluding with final considerations.

2 Literature Review

Business demography focuses on the life cycle of businesses—how they are born, grow, and eventually exit the market—offering vital insights into the factors that shape business dynamics (Agarwal & Gort, 1996). Understanding these factors is crucial for policymakers, economists, and entrepreneurs who seek to promote economic growth and stability. The significance of business demography has grown substantially over the past two decades, driven by the rapid transformation of global markets, the emergence of new industries, and the decline of traditional sectors. The development of internationally comparable indicators by organisations like the European Union and the Organisation for Economic Cooperation and Development (OECD) highlights the importance of business demography. These indicators emerged from the need for consistent and comparable data for informed policy-making. As Ahmad (2006) noted, creating a framework for business demography indicators was intended to address gaps in our understanding of business dynamics across different countries, enabling more effective policy interventions by providing a clearer picture of how businesses operate and evolve in various economic contexts.

Studying business demography is essential because it provides a comprehensive understanding of the lifecycle of businesses, offering insights into the factors that contribute to their success or failure across various regions and sectors. By analysing business births and deaths data, researchers can identify patterns and trends that inform our understanding of organisational dynamics, such as growth, decline, and mortality. As Rao et al. (1999) emphasised, understanding the demography of corporations and industries is critical for analysing these dynamics, which is essential for making informed decisions about investments, resource allocation, and policy development. Business demography also plays a crucial role in assessing the economic health of regions. Smith and Morrison (2005) stated that by examining demographic data at the local level, it becomes possible to pinpoint economically thriving areas and those struggling. This localised understanding is vital for developing targeted economic policies and interventions to stimulate growth in underperforming regions. Moreover, business demography offers valuable insights into businesses' survival and growth patterns, which is essential for fostering entrepreneurship and innovation. Adhikari (2022) highlights the importance of business demography in planning and developing new businesses, particularly in emerging economies. The author underscores how demographic statistics can be used to identify potential markets, evaluate the competitive landscape, and guide strategic business planning. This information is crucial for entrepreneurs and innovators looking to enter new markets or scale their operations effectively.

Studying business demography has become increasingly important in the Portuguese economy due to the country's economic structure, which heavily relies on small and medium-sized enterprises (SMEs). Research by Sarmento and Nunes (2012, 2014, 2017) and Nunes and Sarmento (2012) reveals that Portugal has some of the highest business entry rates compared to other nations. Their business creation and survival data analysis underscore the value of using internationally comparable business demography indicators to gain more accurate insights into entrepreneurial activity across different regions and sectors. These studies highlight the importance of comprehensive datasets in understanding business dynamics and informing the development of effective entrepreneurship policies. Moreover, business demography is crucial in understanding economic disparities across sectors and regions. The imbalance in business dynamics between different sectors and regions often reflects underlying economic conditions such as access to resources, infrastructure, and markets. The authors argued that by studying these patterns, policymakers can identify which sectors and regions need additional support or investment to stimulate economic activity. This targeted approach allows for more efficient and effective economic interventions, helping to address sectoral and regional disparities and promote balanced economic growth.

Tourism and the hospitality sectors are characterised by their dynamic and competitive nature, significantly influenced by external technological, political and health shocks, economic fluctuations, consumer preferences, and regulatory changes. So, analysing business entry, exit, and survival in the tourism and hospitality sectors is essential for understanding these industries' unique economic dynamics and developing strategies to enhance their sustainability and growth. The tourism and hospitality sectors are complex, capital intensive, and highly competitive, presenting distinct business challenges and opportunities.

In general, the entry of new firms into the market is often seen as a sign of economic dynamism and innovation (Acs & Audretsch, 1989). The authors argued that new businesses drive innovation and economic growth, contributing to job creation, technological advancement, and economic diversification. New firms are more likely to introduce radical innovations than incumbent businesses. The business entry rate can indicate the market's attractiveness and barriers to entry. The business entry rate can reveal the market's attractiveness and the ease with which new companies can be established. A high entry rate is often linked to robust economic conditions and a supportive entrepreneurial ecosystem. A comprehensive study on nascent business owners by Rocha et al. (2015) highlights the significance of labour market experiences and entry modes on post-entry dynamics. This study provides new evidence on how different entry routes impact entrepreneurial survival, suggesting that the context in which a business is started can predict its future performance. Furthermore, Lee and Mukoyama (2015) show that entry rates are more cyclical than exit rates, indicating that economic booms and recessions significantly influence new business formations.

Indeed, market opportunities and favourable conditions often drive the entry of new firms into the tourism and hospitality industry. According to Morrison and Teixeira (2004), the attractiveness of the market, indicated by high demand and growth

potential, encourages new entrants. Additionally, regions with strong tourism appeal, infrastructure, and supportive policies create conducive environments for new businesses (Agarwal, 2002). Despite opportunities, several barriers can block entry. High initial capital investment, stringent regulatory requirements, and intense competition are significant obstacles (Porter, 1980). For instance, the need for substantial investment in property, technology, and staff can deter small and medium enterprises (SMEs) from entering the market (Hjalager, 2002). Moreover, established brands and loyalty programmes create high entry barriers, making it challenging for new firms to attract customers.

While business entry signifies economic growth and dynamism, business exit is a natural part of the economic cycle and reflects the competitive pressures within an industry. Understanding why businesses exit the market can help identify potential weaknesses in the business environment and inform policy measures to mitigate these challenges. Exits can occur for various reasons, including market saturation, technological changes, or financial difficulties. Economic recessions and downturns significantly impact the exit rates of tourism and hospitality businesses. During periods of economic instability, discretionary spending on travel and leisure declines, reducing revenues for these firms (Athanasopoulos & Hyndman, 2008). The COVID-19 pandemic exemplified this, causing unprecedented business closures due to prolonged travel restrictions and decreased consumer confidence (Gössling et al., 2020). Moreover, analysing business exits is important to understand the competitive pressures within an industry and the factors that lead to business failure. Operational challenges such as poor management, inadequate marketing, and failure to adapt to market changes also contribute to business exits. Ingram and Baum (1997) indicate that businesses that fail to innovate or address operational inefficiencies are likelier to exit the market. Additionally, prevalent in the hospitality sector, labour shortages and high employee turnover rates exacerbate these challenges (Davidson et al., 2010).

Various factors, including economic downturns, changes in consumer behaviour, and external shocks such as pandemics, can influence exits in the tourism and hospitality sectors. The impact of consumer behaviour on business exits in these sectors has been highlighted by Okamuro et al. (2022), who studied the effects of the COVID-19 pandemic on hospitality businesses in Japan. They found that increased consumer risk aversion and reduced social activities significantly increased exit rates in specific service industries, underscoring the vulnerability of these sectors to external shocks. Studies such as those by Caves (1998) prove that market exits can enhance overall market efficiency by eliminating less competitive firms. This process, often called "creative destruction," is essential for economic renewal and innovation.

Business survival, or the ability of firms to sustain operations over time, is a critical measure of economic stability and business health. High survival rates indicate a stable business environment and effective business strategies. Factors influencing business survival include firm size, industry characteristics, market conditions, and managerial competence. Survival in the tourism and hospitality industry requires strategic adaptation to changing market conditions and consumer preferences. Firms that innovate and diversify their offerings are more likely to survive. For example, businesses that integrate technology to enhance customer experiences,

such as online booking systems and personalised services, gain a competitive edge (Buhalis & Law, 2008). Effective financial management is crucial for the survival of tourism and hospitality businesses. Maintaining sufficient cash flow, managing debt, and securing funding during downturns can help firms withstand economic shocks (Peters & Buhalis, 2004). Accessing government support and subsidies, particularly during crises like the COVID-19 pandemic, also plays a critical role in business survival (Baum & Hai, 2020). Strong market positioning and branding are vital for long-term survival. Firms that establish a unique brand identity and maintain high service quality can foster customer loyalty and repeat business (Kim & Kim, 2005). Moreover, positive online reviews and social media presence enhance a business's reputation, attracting new customers and retaining existing ones.

Audretsch (1995) suggested that smaller firms are more prone to failure but more agile in adapting to market changes. Later, van Praag (2003) examined the drivers of business survival among young small business owners, emphasising the impact of personal and business characteristics. The study found that firms with certain owner traits and business conditions are more likely to survive. Similarly, Dencker et al. (2009) demonstrate that pre-entry knowledge and management experience significantly enhance survival through effective learning activities. Caires et al. (2023) show that tourism firms in Portugal are more likely to exit if they are young or among the worst performers. However, firms with high tourism exposure, such as travel agencies and hotels, tend to have better survival rates, highlighting the importance of specialisation and market positioning. Additionally, Fritsch and Weyh (2006) found that regional factors, such as the availability of resources and the business climate, significantly impact firm survival rates.

The tourism and hospitality sectors face unique challenges that influence business dynamics. For example, the high capital intensity, seasonality, and susceptibility to external shocks make these industries particularly challenging for new entrants and existing businesses. The importance of knowledge management in these sectors is emphasised by Zaei and Zaei (2014), who argue that effectively utilising skills and knowledge is crucial for survival and success in a rapidly changing business environment. Similarly, Singh and Arora (2014) discuss how innovation and creativity are essential for the survival of businesses in the Indian hospitality industry, which is witnessing significant shifts towards niche markets like eco-tourism and wellness tourism. High entry rates are often associated with robust economic conditions and a favourable business environment. However, these industries have unique characteristics that influence entry dynamics. For instance, Brouder and Eriksson (2013) explored the survival of new tourism firms and found that entrepreneurs with previous experience in related sectors are more likely to succeed. This study emphasises the importance of sector-specific knowledge and experience, which are crucial for overcoming the industry's entry barriers.

In summary, understanding the dynamics of business entry, exit, and survival is essential because these processes are deeply interconnected and collectively shape the overall business environment. They reflect how markets evolve, adapt, and grow, influencing critical factors such as job creation, innovation, and the broader economic landscape. Businesses' entry, survival, and exit are pivotal in the evolution

of industries. Entry rates provide insights into market opportunities and the level of entrepreneurial activity, while exit rates indicate the competitive pressures and challenges businesses face. On the other hand, survival rates offer valuable information about factors contributing to business longevity and success. Analysing these dynamics makes it possible to identify patterns, predict future trends, and develop strategies to support sustainable economic growth. This knowledge is indispensable for policymakers, investors, and entrepreneurs.

3 Methodology

Administrative records, such as business registers and employment records, are primary data sources. These datasets often contain detailed information on business births, deaths, survival, and employment performance. The OECD and the Eurostat (the statistical office of the European Union) have developed a set of common indicators for business demography to monitor and compare the dynamics of business populations across countries. Aligned with international standards, particularly those from Eurostat, the Portuguese Statistical Institute (INE) provides a variety of business demography indicators that are crucial for analysing the dynamics of businesses in Portugal.

These indicators will be included in the analysis. The number of active businesses indicates how many businesses operate in an economy at each moment. The birth rate measures the number of new businesses created during a given period (usually a year) as a percentage of the total number of active businesses, reflecting the level of entrepreneurial activity within an economy and, therefore, the economic dynamism and potential for growth. The business death rate measures the number of businesses that cease to exist during a given period as a percentage of the total number of active businesses and, consequently, helps to understand the stability and challenges within the business environment. The business turnover rate, which consists of the sum of the birth rate and the death rates, indicates the overall business dynamism in an economy by showing how quickly businesses are entering and exiting the market. Finally, the survival rate of newly born businesses tracks the percentage of newly created enterprises that continue to operate for a certain period, typically 1–5 years after their creation. It provides insights into the sustainability of new businesses and the challenges they face in the early stages.

Descriptive statistics are commonly used to summarise, describe, and profile the basic features of business demographic data. This includes calculating centrality and variability measures, proportions and growth rates to describe trend and understand how the indicators evolved. As it is exploratory work, this research follows this statistical approach.

4 Results

The results analysis presents the number of active businesses in the accommodation and food services sector from 2004 until 2022, comparing it with the total firms in the full Portuguese economy (Table 1). The table also presents the percentage of the sector's businesses that have a sole proprietor and the percentage of those that are corporations. For each indicator, the annual growth rate and the average annual growth rate for the period in analysis are presented.

The Portuguese economy has shown a consistent yet fluctuating growth pattern over the years in terms of the number of active businesses. With an average annual growth rate of 1.48%, the economy witnessed periods of both expansion and contraction. Notably, there were significant dips during 2010–2012, likely reflecting the lagging impacts of the 2008 financial crisis and the economic external interventions. Conversely, the period from 2017 onwards marks a resurgence in growth, peaking in 2022 with a rate of 6.97%. This indicates a resilient economic recovery, possibly fuelled by post-pandemic economic stimuli. The accommodation and food services sector has demonstrated more pronounced variability within this broader economic context. The sector's average annual growth rate of 1.80% slightly outpaces the overall economy, indicating a relatively stable or even growing industry despite external economic challenges. However, this growth has not been uniform. For example, the sector experienced notable declines in 2009 and 2012, aligning with the broader economic downturns.

The growth rate of the accommodation and food services sector appears to be loosely correlated with the overall economy. However, the sector's more pronounced fluctuations suggest it is more sensitive to economic changes. For instance, while the overall economy saw a decline in growth during 2009, the sector experienced a sharper drop, indicating that economic downturns may hit this sector harder than others.

A deeper look into the sector reveals divergent trends between sole proprietors and corporations. Sole proprietors have faced a challenging environment, with an average annual growth rate of -0.56%. This negative growth suggests a gradual decline in sole proprietors, possibly due to increased competition, rising operational costs, or a shift towards corporate consolidation within the sector. In contrast, corporations have fared better, with an average growth rate of 0.93%. This growth rate highlights a trend of increasing corporate presence in the sector, possibly at the expense of smaller, independent businesses.

The accommodation and food services sector's contribution to the total economy has remained relatively stable, fluctuating between 7.5 and 8.5%. This consistency indicates the sector's essential role in the economy. However, the slight increase in its proportion during 2020–8.84% may reflect the differential impact of the COVID-19 pandemic, where other sectors contracted more sharply, temporarily boosting the relative weight of this sector. The financial crisis in 2008 had significantly impacted the overall economy and the accommodation and food services sector. The sector's growth rate plummeted in 2009, with sole proprietors and corporations experiencing

Table 1 Evolution of active accommodation and food services business by property type from 2004 until 2022

Total economy			Accommodation and food services							
Years	Total	Annual growth rate	Total			Sole proprietor			Corporations	
			number	Annual growth rate	Economy's	Annual growth rate	Sector's proportion	Annual growth rate	Sector's proportion	Annual growth rate
	(n°)	(%)	(n°)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2004	1,115 456		86,012		7.71		6553		3447	
2005	1,151 610	3.24	87,277	1.47	7.58	−1.71	6532	−0.33	3468	0.62
2006	1,172 219	1.79	87,821	0.62	7.49	−1.15	6542	0.16	3458	−0.30
2007	1,234 633	5.32	89,524	1.94	7.25	−3.21	6462	−1.23	3538	2.32
2008	1,261 452	2.17	91,728	2.46	7.27	0.28	6428	−0.52	3572	0,95
2009	1,223 578	−3.00	89,913	−1.98	7.35	1.06	6336	−1.44	3664	2.59
2010	1,168 265	−4.52	85,964	−4.39	7.36	0.13	6205	−2.06	3795	3.56
2011	1,136 256	−2.74	85,802	−0.19	7.55	2.62	6171	−0.55	3829	0.90
2012	1,086 915	−4.34	83,861	−2,26	7.72	2.17	6118	−0.87	3882	1.40
2013	1,119 447	2.99	82,211	−1.97	7.34	−4.82	6012	−1.73	3988	2.72
2014	1,147 154	2.48	84,122	2.32	7.33	−0.15	5955	−0.95	4045	1.44
2015	1,181 406	2.99	91,826	9.16	7.77	5.99	6149	3.27	3851	−4.81
2016	1,214 206	2.78	97,562	6.25	8.04	3.38	6247	1.59	3753	−2.54
2017	1,260 436	3.81	104,826	7.45	8.32	3.50	6317	1.12	3683	−1.87
2018	1,295 299	2.77	113,191	7.98	8.74	5.07	6383	1.04	3617	−1.79
2019	1,335 006	3.07	118,031	4.28	8.84	1.17	6314	−1.08	3686	1.91
2020	1,316 256	−1.40	112,347	−4.82	8.54	−3.46	5952	−5.73	4048	9,81
2021	1,359 035	3.25	111,094	−1.12	8.17	−4.23	5796	−2,62	4204	3.85

(continued)

Table 1 (continued)

Total economy			Accommodation and food services							
Years	Total	Annual growth rate	Total			Sole proprietor			Corporations	
			number	Annual growth rate	Economy's	Annual growth rate	Sector's proportion	Annual growth rate	Sector's proportion	Annual growth rate
2022	1,453 728	6.97	118,620	6.77	8.16	−0.18	5925	2.22	4075	−3.06
Period average growth rate (%)		1.48		1.80		0.31		−0.56		0.93

Source Author's elaboration

declines. This downturn reflects the broader economic contraction during the crisis, where consumer spending, particularly in discretionary areas like dining and accommodations, likely fell sharply. The COVID-19 pandemic in 2020 led to a unique scenario where the sector's proportion of the economy increased even as its growth rate declined. This paradox can be attributed to the severe contractions in other economic sectors, making accommodation and food services relatively more significant. The pandemic's impact was particularly harsh on sole proprietors, who saw a steep decline in their growth rate, reflecting the struggles of small businesses to survive prolonged shutdowns and reduced consumer demand.

Looking ahead, the trends observed suggest that the accommodation and food services sector will continue to play a crucial role in the economy. However, the power balance may continue shifting towards larger corporate entities. The sector's ability to recover from external shocks, as seen post-2008 and potentially post-COVID-19, indicates resilience. However, the ongoing challenges for sole proprietors suggest that future growth may be increasingly driven by corporate consolidation.

Table 2 provides a comprehensive overview of several key economic indicators for the total economy and the accommodation and food services sector from 2004 to 2022. The indicators analysed include the birth rate, death rate, turnover rate, and 1-year survival rate, with both the annual values and their corresponding growth rates provided. The analysis focuses on identifying trends, fluctuations, and comparative insights.

In the total economy, the birth rate exhibited a generally increasing trend from 2004 to 2007, peaking at 15.19% in 2007. This period of growth was followed by a significant decline in 2008 (−5.47%) and a more pronounced drop in 2009 (−14.59%). Post-2009, the birth rate showed some recovery, with moderate fluctuations, but never returned to the levels seen in the mid-2000s. The overall period averaged a growth rate of 1.15%, indicating a modest increase in new business formation within the total economy over the years. In contrast, the accommodation and food services sector showed a more volatile birth rate. The sector experienced significant declines in some years, such as in 2009 (−11.40%) and 2020 (−36.12%), likely corresponding to broader economic crises, including the global financial crisis and the COVID-19 pandemic. However, there were also years of strong recovery and growth, notably in 2013 (16.06%). Despite these fluctuations, the sector's average growth rate for the birth rate was slightly negative at −0.12%, indicating a net decline in new business formations over the period.

The death rate in the total economy remained relatively stable, with a few notable exceptions. For instance, 2009 and 2010 saw sharp increases in the death rate, with growth rates of 18.04% and 16.02%, respectively. These increases likely reflect the aftershocks of the global financial crisis, leading to a higher business closure rate. Despite these spikes, the average growth rate over the period was just 0.03%, suggesting that the overall trend remained relatively steady during increased business closures. The death rate in the accommodation and food services sector exhibited more pronounced fluctuations. The sector saw significant increases in the death rate during several years, such as in 2020 (11.66%), reflecting the severe impact of the pandemic on this sector. However, there were also years of decline, such as in 2018

Table 2 Evolution of the economy and the accommodation and food services sector birth, death, turnover, and 1-year survival rates from 2004 until 2022

Years	Total economy								Accommodation and food Services							
	Birth rate		Death rate		Turnover rate		1 year		Birth rate		Death rate		Turnover rate		1 year	
	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate
2004	1300		1031		2331				1189		1029		2217			
2005	1336	2.80	1205	1680	2541	900	77.0		1177	−1.01	1171	1385	2348	588	79.5	
2006	1405	5.18	1088	−972	2493	−188	74.3	−3.51	1241	5.51	1053	−1008	2294	−227	78.2	−1.64
2007	1519	8.09	1256	1552	2776	1133	76.4	2.83	1231	−0.88	1161	1030	2392	4.25	79.6	1.79
2008	1436	−5.47	1483	1804	2919	5.17	74.5	−2.49	1274	3.50	1307	1252	2580	788	80.1	0.63
2009	1227	−14.59	1556	4.95	2783	−4.66	71.5	−4.03	1128	−1140	1456	1142	2584	0.16	77.5	−3.25
2010	1184	−3.46	1525	−2.02	2709	−2.65	69.7	−2.52	1093	−3.17	1287	−1160	2380	−7.92	73.2	−5.55
2011	1269	7.18	1602	5.05	2871	5.98	70,0	0.43	1244	1381	1476	1470	2720	1429	76.3	4.23
2012	1240	−2.33	1538	−3.97	2778	−3.24	70.3	0.43	1286	3.41	1626	1012	2912	7.05	74.8	−1.97
2013	1795	4477	1332	−1341	3127	1256	710	1.00	1493	1606	1330	−1817	2823	−3.05	74.7	−0.13
2014	1555	−1339	1282	−3.73	2837	−927	76,2	7.32	1547	367	1296	−2.56	2844	0.74	78.5	5.09
2015	1539	−0.99	1239	−3,39	2778	−208	72.9	−4.33	1999	2922	1233	−4.87	3233	1368	78.5	0.00
2016	1483	−3.65	1189	−4.02	2672	−382	73.3	0.55	1743	−1281	1188	−3.69	2931	−9.33	80.9	3.06
2017	1498	1.03	1196	0.59	2694	083	73.8	0.68	1788	254	1177	−0.87	2965	1.16	80.5	−0.49
2018	1517	1.28	1235	3.23	27,52	2.15	71.7	−2.85	1812	1.39	1153	−2.05	2966	0.02	80.8	0.37
2019	1470	−3.15	1224	−0.85	26,94	−2.12	76.1	6.14	1496	−1743	1323	1471	2819	−4.93	82.8	2.48
2020	1172	−20.24	1103	−9.94	2275	−15.56	74.6	−1.97	956	−3612	1166	−1185	2122	−2473	77.4	−6.52
2021	1376	1741	1054	−4.45	2430	6.82	75.7	1.47	994	399	918	−2131	1912	−9.91	80.0	3.36

(continued)

Table 2 (continued)

Years	Total economy								Accommodation and food Services							
	Birth rate		Death rate		Turnover rate		1 year		Birth rate		Death rate		Turnover rate		1 year	
	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate	Annual	Growth rate
2022	1597	1605	1036	−1.64	2633	8.38	75.5	−0.26	1393	4012	854	−689	2247	1756	83.3	4.13
Period average growth rate (%)		1.15		0.03		0.68		−0.12		089		−1.03		0.08		0.28

Source Author's elaboration

(−2.05%). The average growth rate of −1.03% over the period suggests a slight overall decrease in the death rate, although this trend was not consistent across the years.

The turnover rate in the total economy showed a pattern of moderate fluctuation, with periods of growth and decline. A peak occurred in 2013, with the turnover rate reaching 31.27%, followed by a decline in subsequent years. The average growth rate over the period was 0.68%, indicating a slight overall increase in business turnover within the economy. However, the accommodation and food services sector demonstrated greater volatility in its turnover rate. This sector saw significant changes, particularly in 2020, where the turnover rate dropped by 24.73%, again highlighting the severe impact of the COVID-19 pandemic. Despite some periods of growth, such as in 2013 (28.23%), the average growth rate for the turnover rate in this sector was -0.08%, suggesting a slight overall decline.

The 1-year survival rate in the total economy remained relatively stable throughout the period, with only minor fluctuations. However, some years had noticeable declines, particularly in 2009 (−2.52%) and 2020 (−1.97%), corresponding with periods of economic stress. The average growth rate over the period was −0.12%, indicating a slight overall decrease in the proportion of businesses surviving their first year. In the accommodation and food services sector, the 1-year survival rate also showed volatility, with some significant drops, particularly in 2020 (−11.85%), reflecting the challenging environment for new businesses during the pandemic. However, the sector also experienced periods of growth in the survival rate, such as in 2014 (7.32%) and 2016 (5.47%). The average growth rate for this indicator was slightly positive at 0.28%, suggesting a marginal overall improvement in the survival rate of businesses within this sector over the period.

Several key differences emerge when comparing the total economy with the accommodation and food services sector. The total economy demonstrates greater stability across all indicators, with more modest fluctuations in growth rates. This stability is reflected in the generally positive average growth rates for indicators like birth and turnover rates, albeit at a modest level. In contrast, the accommodation and food services sector is characterised by higher volatility, with significant fluctuations in both directions for all indicators. This sector is particularly sensitive to economic shocks, as evidenced by the sharp declines during the financial crisis of 2008–2009 and the COVID-19 pandemic in 2020. Despite some years of recovery, the negative average growth rates in the birth and turnover rates suggest a net decline in new business activity and business turnover within this sector. The results also highlight the resilience of the accommodation and food services sector in certain years, with periods of recovery and growth despite challenging conditions. However, the sector's overall performance appears more vulnerable to external economic factors than the broader economy.

5 Conclusion

This study provides a detailed examination of the Portuguese economy's accommodation and food services sector, highlighting its critical role in contributing to employment, GDP, and overall economic vitality. The analysis of business entry, exit, and survival rates from 2004 to 2022 reveals significant trends and patterns essential for understanding this sector's dynamics. The sector has demonstrated resilience, with an average annual growth rate slightly higher than the overall economy, despite facing substantial external shocks, including the global financial crisis and the COVID-19 pandemic. The shift towards corporate consolidation within the sector and the declining growth of sole proprietorships indicate a structural transformation. The sector's high sensitivity to economic downturns and external shocks is evident from the pronounced fluctuations in key indicators such as businesses' birth and death rates.

While this study offers valuable insights, it is primarily based on descriptive statistical analysis, which limits the depth of causal interpretations. Additionally, the focus on administrative data may not fully capture informal sector activities or the qualitative aspects of business operations that contribute to their survival or failure. The time frame, while extensive, still leaves room for variations in longer-term trends that may not be fully captured.

Further research could explore the impact of emerging trends such as digital transformation, sustainability practices, and changes in consumer behaviour on the dynamics of the accommodation and food services sector. Additionally, a more granular analysis considering regional disparities within Portugal could provide a more detailed understanding of localised economic conditions. Longitudinal studies examining the long-term effects of the COVID-19 pandemic on business survival and growth in this sector would also be valuable.

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