



MONTENEGRO
STATISTICAL OFFICE
Department for Registers

**ANALYSIS OF NUMBER AND STRUCTURE OF BUSINESS ENTITIES
IN MONTENEGRO FOR THE FIRST QUARTER OF 2012**

Podgorica, May 2012.

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INTRODUCTION

Demand to harmonise the statistical system of Montenegro with statistical systems of the European Union member countries, and data comparability have resulted in the introduction of Statistical Business Register.¹⁾

Due to growing needs for information about the population of businesses and their classification based on different characteristics, Statistical Office of Montenegro has prepared a report, „Analysis of number and structure of business entities in Montenegro for the first quarter of 2012“. This is the second publication of such content.

The subject of observing the analysis of number and structure of business entities are active business entities with their activity performed in Montenegro. Active business entities are entities carrying out an activity, possessing employees, and have turnover in the observed year.

There is a clear difference between registered and active business entities. Registered business entities exist in records as legal units, but only after number of employees and figures of first reached turnover appear they become actually active.

The analysis provides an insight into the situation of business entities at the level of Montenegro, by legal form, type of ownership, sections and size class.

In several different parts of this analysis are given brief explanations, graphical and tabular views. Methodological notes are at the end of the analysis and allow for easier and proper use of the data presented.

A source of data presented and processed by the analysis is the Statistical Business Register only used for statistical purposes. This register covers identification, stratification (financial), and demography characteristics for all active business entities in Montenegro and the data quality are daily improved.

Main sources for updating Statistical Business Register may be divided in external and internal sources. External sources are administrative, while internal data sources are obtained through statistical surveys. Also, analyses of potentially new data sources are daily done, so that one of aims of Statistical Office are to be achieved to the extent as much as possible, and this will contribute to the reduction of the response burden of reporting units.

¹⁾ Decree of the the Republic of Montenegro No. 02-164, Official Gazette of the Republic of Montenegro 4/01

1. NUMBER OF BUSINESS ENTITIES IN MONTENEGRO IN THE FIRST QUARTER OF 2012

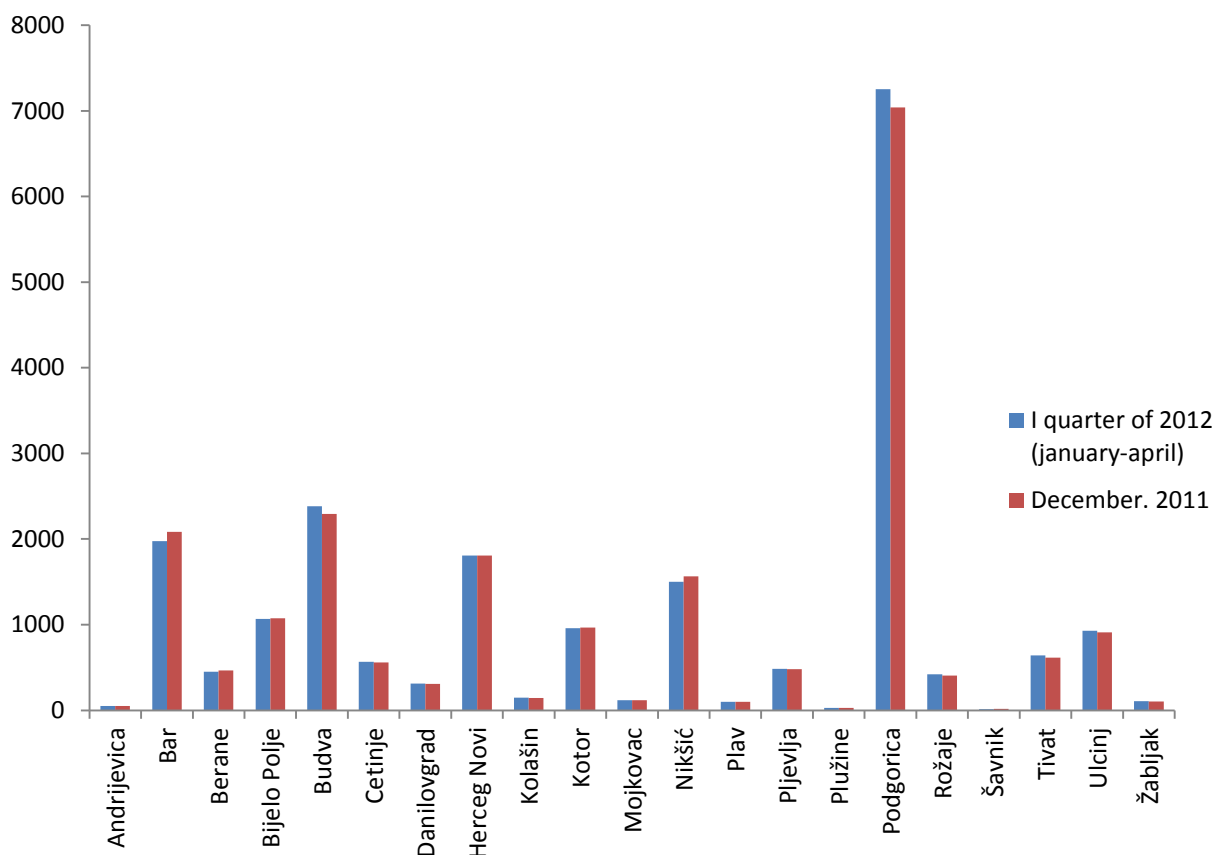
The number of business entities in Montenegro in the first quarter of 2012 was 21 315. Compared to December of 2011 the number of businesses increased by 0.9%.

Table 1. *Business entities in municipalities for the first quarter of 2012*

MUNICIPALITY	FREQUENCY	PERCENTAGE
Andrijevisa	51	0,2%
Bar	1 976	9,3%
Berane	450	2,1%
Bijelo Polje	1 069	5,0%
Budva	2 382	11,2%
Cetinje	566	2,7%
Danilovgrad	313	1,5%
Herceg Novi	1 808	8,5%
Kolašin	148	0,7%
Kotor	958	4,5%
Mojkovac	119	0,6%
Nikšić	1 501	7,0%
Plav	99	0,5%
Pljevlja	484	2,3%
Plužine	29	0,1%
Podgorica	7 253	34,0%
Rožaje	420	2,0%
Šavnik	14	0,1%
Tivat	641	3,0%
Ulcinj	928	4,4%
Žabljak	106	0,5%
Total	21 315	100,0%

As in December 2011, the largest number of businesses entities is present in Podgorica, Budva and Bar. In Podgorica, the number of active business entities is 7 253, or 34% of the total number of business entities, in Budva 2 382 (11.2% of total business entities) in Bar 1 976 business entities (9.3% of total business entities).

Graph 1. Business entities by municipalities



Comparing with data from December 2011, there was an increase in the number of business entities in the municipalities of Andrijevica, Budva, Cetinje, Danilovgrad, Kolašin, Plav, Pljevlja, Podgorica, Rožaje, Tivat, Ulcinj and Žabljak. The highest increase was recorded in Podgorica. Number of business entities in Podgorica has increased by 211, or 2.9%, followed by Budva with 88 new businesses, or 3.7% compared to data from December 2011. Decline in the number of business entities in relation to data from December 2011, was recorded in the municipalities of Bar, Berane, Bijelo Polje, Kotor, Nikšić, Šavnik. The largest decrease was recorded in Bar, and that by 109 business entities, or 5.5% compared to December 2011. Also there was a significant decrease in Nikšić, of 3.9% compared to December 2011. Reduction of the number of business entities in Bar and Nikšić is recorded in the class of small businesses and most of them belong to the sector "Wholesale and retail trade."

2. STRUCTURE OF BUSINESS ENTITIES

The structure of business entities can be observed by several sides: type of legal form, type of ownership, belonging to sections of activity, and by size class.

2.1. By legal form

Types of legal form are companies and other forms defined by the Law on Companies of Montenegro.²⁾

Table 2. Total number of business entities by legal form in Montenegro for the first quarter of 2012

CODE	LEGAL FORM	FREQUENCY / PERCENTAGE	
		Freq.	%
		I quarter 2012 (january – april)	
		Freq.	%
10	Co-operative society	368	1,7%
11	Limited liability partnership	41	0,2%
12	Joint-stock company	265	1,2%
13	Single member joint-stock company	3	0,0%
14	Limited liability company	4 576	21,5%
15	Single member private limited company	13 068	61,3%
17	Publicly owned enterprise	13	0,1%
18	Entrepreneur	2 592	12,2%
19	Professional association	3	0,0%
31	Bank	12	0,1%
32	Other financial organization	6	0,0%
33	Stock exchange	1	0,0%
34	Stock broker	21	0,1%
36	Joint-stock insurance company	12	0,1%
72	Judicial body	50	0,2%
73	Local self-government unit body	11	0,1%
81	Political organization	14	0,1%
90	Other forms	259	1,2%
	Total	21 315	100,0%

²⁾ Official Gazette of the Republic of Montenegro 06/02

Analyzing the overall situation of business entities in the first quarter of 2012, by legal form, single member limited liability companies and limited liability companies, account for over 82% in the total number of business entities combined.

Sector " single member limited liability companies " accounts for 61,3%, while the sector "limited liability companies" accounts for 21,5% in the total number of business entities.

Compared with data from December 2011, in the first quarter of 2012, 415 new single member limited liability companies and 63 new limited liability companies are recorded.

The largest percentual growth compared with data from December 2011. was recorded in the sector of „Joint-stock companies“ and it was 16.6%. The only decrease in the number of business entities in form of legal units was registered in the entrepreneur sector, 13.6% compared to December 2011

2.2. By type of ownership

By type of ownership, of the total number of business entities in Montenegro, 98.5% is privately owned, while businesses in state ownership, cooperative ownership and with two or more shapes together make up 1.5%.

2.3. By sections

All companies registered in the following sectors are included:

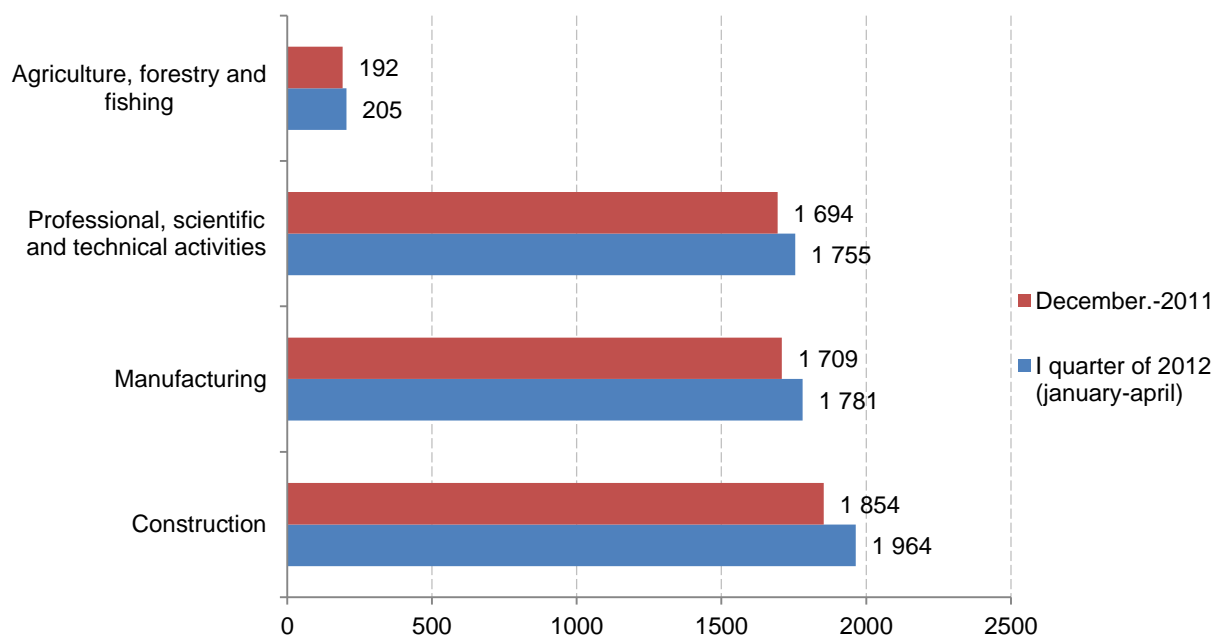
Table 3. *The division of business entities by sectors*

CODE	DESCRIPTION	FREQUENCY	PERCENTAGE
A	Agriculture, forestry and fishing	205	1,0%
B	Mining and quarrying	58	0,3%
C	Manufacturing	1 781	8,4%
D	Electricity supply	27	0,1%
E	Water supply	41	0,2%
F	Construction	1 964	9,2%
G	Wholesale and retail trade, repair of motor vehicles and motorcycles	8 690	40,8%
H	Transportation and storage	1 446	6,8%
I	Accommodation and food service activities	2 251	10,6%
J	Information and communication	463	2,2%
K	Financial and insurance activities	135	0,6%
L	Real estate activities	809	3,8%
M	Professional, scientific and technical activities	1 755	8,2%
N	Administrative and support service activities	663	3,1%
O	Public administration and defense; compulsory social security	69	0,3%
P	Education	39	0,2%
Q	Human health and social work activities	59	0,3%
R	Arts, entertainment and recreation	255	1,2%
S	Other service activities	584	2,7%
T	Activities of households as employers	3	0,0%
U	Activities of extraterritorial organizations and bodies	17	0,1%
Total		21 315	100,0%

Comparing with data from December 2011. there has been a growth in almost all sectors, except in the sectors "Wholesale and retail trade", "Financial and insurance activities" and "Transportation and storage" this number has decreased. The highest increase was recorded in the sector of "Construction", 110 new business entities, an increase of 5,6% compared to December 2011. Sector "Manufacturing" increased by 72 business entities or 4% compared to December 2011. The largest decline of business entities was registered in the sector of „wholesale and retail trade“, and was 2,2% compared to data from December 2011.

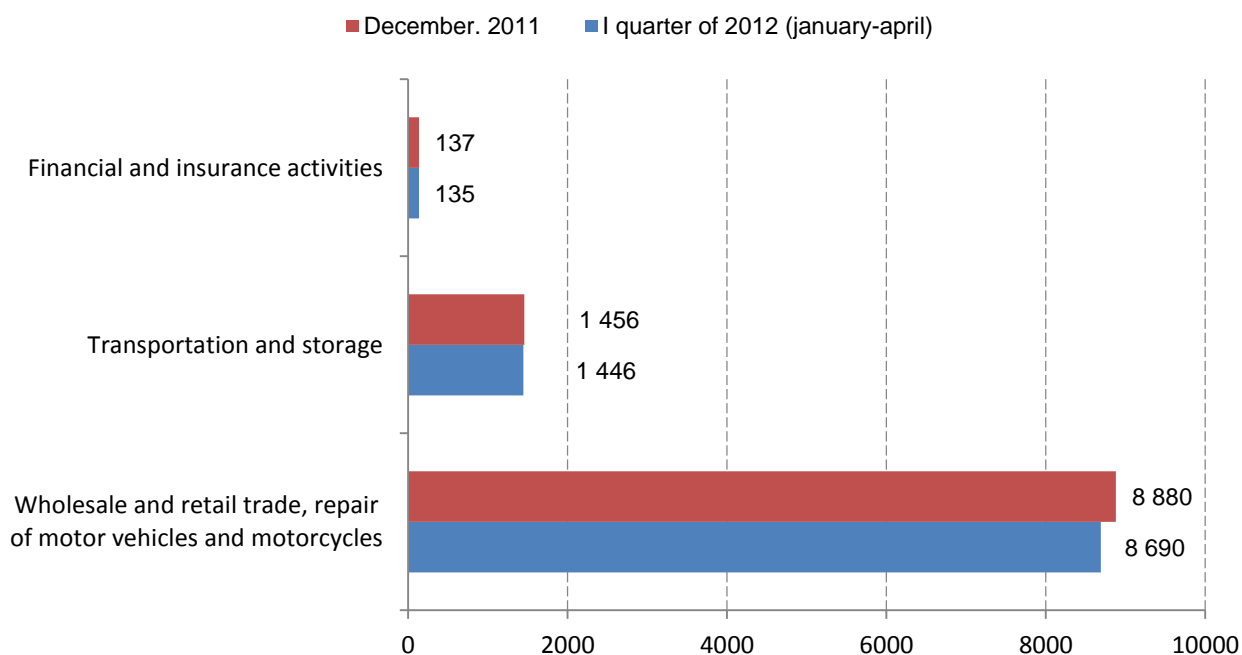
The following graph represents a comparison of data from the first quarter of 2012. with the data from December 2011. in certain sectors where growth in the number of businesses entities was recorded.

Graph 2. Business entities, by sectors where the highest growth was recorded.



The sectors in which the decrease of number of business entities is registered are represented in the following graphic:

Graph 3. Business entities in sectors where there was a decrease



2.4. By size class

The classification of enterprises by size, based on this criterion, uses the annual average of employment, and not the employment with certain date, as well turnover, and available assets at the annual level.

Table 4. *The division of business entities by size class*

CLASS	DESCRIPTION	EMPLOYEES	TURNOVER (in EUR)	ASSETS (in EUR)
1	Small enterprises	FROM 1 TO 49	< 10 000 000	< 10 000 000
2	Medium-sized enterprises	FROM 50 TO 249	FROM 10 000 000 TO 50 000 000	FROM 10 000 000 TO 43 000 000
3	Large enterprises	>250	> 50 000 000	> 43 000 000

Table 5. *The division of business entities by size class in Montenegro*

DESCRIPTION	FREQUENCY / PERCENTAGE	
	I quarter of 2012 (january - april)	
	Freq.	%
Small enterprises	21 019	98,6%
Medium-sized enterprises	247	1,2%
Large enterprises	49	0,2%
Total	21 315	100,0%

Table 6 shows the number of small, medium and large enterprises for the first quarter of 2012. Compared to data from December 2011 an increase of 181 small businesses was recorded, or 0.9% compared to the number of small companies in December of 2011.

3. METHODOLOGICAL NOTES ON STATISTICAL BUSINESS REGISTER (SBR)

- Importance and demands for Statistical Business Register (SBR)

The Decree of Government of the Republic of Montenegro No. 02-164 (Official Gazette of the Republic of Montenegro 4/01) created preconditions for the introduction of SBR in the statistical system of our country, and in accordance with the demand for harmonisation of our country statistical system with statistical systems of the EU member countries, since SBR is an important segment in the system of statistical surveys (to achieve the satisfying level of statistical compliance and comparability, it is necessary to have a certain register standard, and thus the Council Regulation (EEC) No 2186/93 of 22 July 1993 on Community coordination in drawing up business registers for statistical purposes was adopted).

Statistical business register is a reliable data source on business population and demography. It serves as a sample frame for all surveys on business statistics within national statistical system; it provides a base from which the address data are used for sending statistical survey questionnaires, etc. As such, the register is considered as a system for the transfer of data from administrative sources into the data appropriate for statistical use. Another importance of SBR is reflected in the fact that SBR is an updated dossier covering any statistical unit active in Montenegro which achieves turnover, and possesses relevant statistical and administrative attributes.

- SBR objectives

Main objectives of existence of SBR are to cover national economic activities as much as possible, to help in improving the efficiency of national statistical system, and to serve as the main data source for a large number of statistical surveys within national statistical system.

- SBR principles

According to established objectives, SBR is projected on the basis of main principles of confidentiality, coherence, timeliness and cost-effectiveness.

- SBR subject

The subject of this register is any active business performing an activity, possessing employees and achieving certain turnover in the observed year.

Units of observation in SBR are the following:

Legal units, and

Statistical units: enterprise, local unit, and group of enterprise.

Legal unit

The legal unit forms, either by itself or in combination with other legal units, the legal basis for one of the most important statistical units, known as the 'enterprise'. It is not directly a statistical unit, but it carries out fully or partly the production activity and it is used to constitute an enterprise.

Administrative sources provide information on appearance and existence of legal units, while statistical units are "artificial" units which although often represent the real economic structures, do not always fully correspond to known legal or administrative units.

Enterprise

The enterprise is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. The relation between enterprise and legal unit is arranged according to the definition: an enterprise may be a sole legal unit or (the smallest) combination of legal units.

Local unit

The local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which - save for certain exceptions - one or more persons work (even if only part-time) for one and the same enterprise.

Previously, this means that this register covers, in addition to the units carrying out economic activity, units which do not carry out the economic activity, but which are necessary for statistical surveys as units of observation.

To classify these units, there are used criteria defined by The Council Regulation ((EEC), No. 696/93 of 15 March 1993:

- Legal, accounting or organisational criteria;
- Geographical criteria;
- Activity criteria.

SBRsource

Data sources for updating SBR are divided in external and internal sources. External sources are administrative (Tax Administration, Central Register of Business Entities, Central Bank, and business and professional associations), while internal sources are statistical surveys used for both updating this register, and comparable analyses with administrative data.

Size class is defined on the basis of three criteria:

- Number of employees,
- Turnover, and
- Assets.

Legal units, within the meaning of this Law, are classified in small, medium-sized and large, depending on average number of employees, total annual turnover, and total assets.

Medium-sized legal units are legal units which fulfil on the day of making financial reports two of three criteria as it follows:

- To have an average number of employees from 50 to 250 in the year for which the annual report is submitted;
- To have the total annual turnover from EUR 10 000 000 to 50 000 000;
- To have the total assets from EUR 10 000 000 to 43 000 000.

Legal units with two of three criteria lower than the lowest criteria referred to in paragraph 2 of Article 3, are classified in small legal units, and legal units with two of three criteria higher than the highest criteria referred to in paragraph 2 of the same Article, are classified in large legal units.

Published by:

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