



MONTENEGRO
STATISTICAL OFFICE
Department for Registers

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

Podgorica, August 2012.

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PREFACE

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 second quarter of 2012“.

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.

This analysis, as well as all the other analysis which are being published by the Statistical office, are available on the internet page of MONSTAT, for foreign and domestic users.

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

INTRODUCTION

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.

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. NUMBER OF BUSINESS ENTITIES IN MONTENEGRO IN THE SECOND QUARTER OF 2012

The number of business entities in Montenegro in the second quarter of 2012. was 23 788, which, compared to the first quarter of 2012., when there was 21 315, presents an increase by 2 473 business entities, or 11,6%.

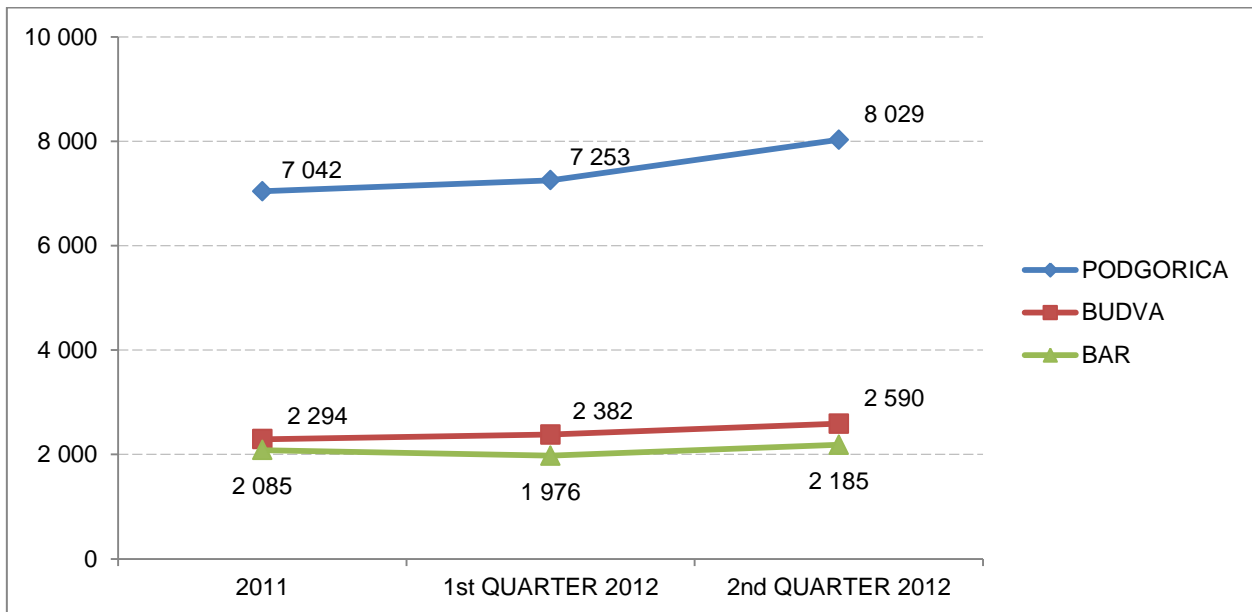
Table 1. *Business entities in municipalities for the second quarter of 2012*

MUNICIPALITY	FREQUENCY	PERCENTAGE
Andrijevica	57	0,2%
Bar	2 185	9,2%
Berane	527	2,2%
BijeloPolje	1 210	5,1%
Budva	2 590	10,9%
Cetinje	625	2,6%
Danilovgrad	344	1,4%
Herceg Novi	2 006	8,4%
Kolašin	167	0,7%
Kotor	1 112	4,7%
Mojkovac	136	0,6%
Nikšić	1 644	6,9%
Plav	106	0,4%
Pljevlja	701	2,9%
Plužine	32	0,1%
Podgorica	8 029	33,8%
Rožaje	472	2,0%
Šavnik	19	0,1%
Tivat	712	3,0%
Ulcinj	999	4,2%
Žabljak	115	0,5%
Total	23 788	100,0%

The largest number of business entities is present in Podgorica, 8 029, or 33,8% from the total number, then there is Budva with 2 590 and Bar with 2 185 business entities or 10,9% respectively 9,2% of the total number of business entities.

Comparing with the data from the first quarter of the 2012., the number of business entities increased in all municipalities. The highest increases was registered in Podgorica, with 776 new businesses or 10,7%, followed by Bar with 209 new businesses or 10,6% . The lowest increase from 3 new business entities was recorded in Plužine.

Graph 1. Movement trend of the number of businesses in selected municipalities



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⁾

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

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

CODE	LEGAL FORM	FREQUENCY / PERCENTAGE	
		2012	
		Freq.	%
10	Co-operative society	414	1,7%
11	Limited liability partnership	48	0,2%
12	Joint-stock company	315	1,3%
13	Single member joint-stock company	3	0,0%
14	Limited liability company	5135	21,6%
15	Single member private limited company	14646	61,6%
17	Publicly owned enterprise	13	0,1%
18	Entrepreneur	2797	11,8%
19	Professional association	5	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	12	0,1%
81	Political organization	15	0,1%
90	Other forms	283	1,2%
Total		23 788	100,0%

From the total number of business entities in the second quarter of 2012., the sector " Single member private limited company" accounts for 61,6% which, together with the sector " Limited liability company" which accounts for 21,6%, take part 83,2% in the total number of business entities. Comparing with the data from the first quarter of the 2012, there has been a growth of 12.2% in "limited liability companies" and growth of 12.1% in "single- joint-stock companies". The number of entrepreneurs has increased by 205, or 7.9%, compared to the first quarter of 2012.

2.2. By type of ownership

By type of ownership, of the total number of business entities in Montenegro, 99% is privately owned. The same situation was recorded in the first quarter of 2012, as well as in the end of 2011.

Table 3. Total number of business entities by type of ownership

CODE	DESCRIPTION	FREQUENCY	PERCENTAGE
2	Private ownership	23 625	99,3%
3	Cooperative ownership	3	0,0%
4	Two or more shapes	64	0,3%
5	State ownership	96	0,4%
Total		23 788	100,0%

2.3. By sections

All companies registered in the following sectors are included:

Table 4. The division of business entities by sectors

CODE	DESCRIPTION	FREQUENCY	PERCENTAGE
A	Agriculture, forestry and fishing	265	1,1%
B	Mining and quarrying	61	0,3%
C	Manufacturing	2 033	8,5%
D	Electricity supply	33	0,1%
E	Water supply	48	0,2%
F	Construction	2 112	8,9%
G	Wholesale and retail trade, repair of motor vehicles and motorcycles	9 628	40,5%
H	Transportation and storage	1 633	6,9%
I	Accommodation and food service activities	2 579	10,8%
J	Information and communication	526	2,2%
K	Financial and insurance activities	149	0,6%
L	Real estate activities	838	3,5%
M	Professional, scientific and technical activities	1 941	8,2%
N	Administrative and support service activities	782	3,3%
O	Public administration and defense; compulsory social security	70	0,3%
P	Education	49	0,2%
Q	Human health and social work activities	74	0,3%
R	Arts, entertainment and recreation	282	1,2%
S	Other service activities	654	2,7%
T	Activities of households as employers	3	0,0%
U	Activities of extraterritorial organizations and bodies	26	0,1%
Total		23 788	100,0%

Comparing with data from the first quarter of 2012., there has been a growth in almost all sectors, only in the sector "Activities of households as employers" that number remained the same. The highest increase compared to the first quarter of 2012 was recorded in the sector of „Wholesale and retail trade, repair of motor vehicles and motorcycles“, 938 new business entities, which represents an increase from 10,8%, „Accommodation and food service activities“ with 328 new businesses or 14,6%, „Manufacturing“ with 252 new businesses or 14,1%.

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 5. *The division of business entities by size class*

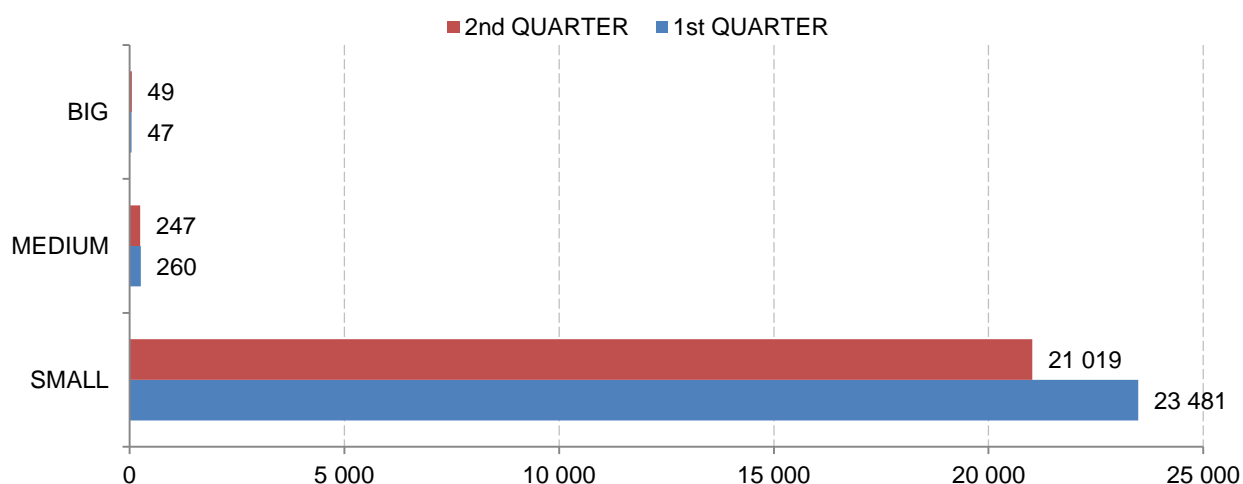
CLASS	DESCRIPTION	EMPLOYEES	TURNOVER (in EUR)	ASSETS (in EUR)
1	Small enterprises	FROM 1 TO 49	< 10 000 000	< 10 000 000
2	Medium-sized enterprises	FROM 50 TO 249	FROM 10 000 000 TO 50 000 000	FROM 10 000 000 TO 43 000 000
3	Large enterprises	>250	> 50 000 000	> 43 000 000

Table 6. *The division of business entities by size class in Montenegro*

DESCRIPTION	FREQUENCY / PERCENTAGE	
	2012	
	Freq.	%
Small enterprises	23 481	98,7%
Medium-sized enterprises	260	1,1%
Large enterprises	47	0,2%
Total	23 788	100,0%

Table 6. shows the number of small, medium and large enterprises for the second quarter of 2012. Compared to the data from the first quarter of 2012., an increase of 2 462 small businesses was recorded or 11,7%. There are 13 new businesses in the medium sized enterprises or 5,3%, while there was a decrease in the sector of large enterprises by 2 businesses, wich represents a drop of 4,1% compared to the data from the first quarter of 2012.

Graph 2. *Business entities by size class*



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.

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