



MONTENEGRO
STATISTICAL OFFICE
Department for Registers

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

Podgorica, September 2012

Contents

INTRODUCTION.....	2
1. NUMBER OF BUSINESS ENTITIES IN MONTENEGRO.....	3
<i>Table 1. The total number of businesses by municipalities.....</i>	<i>3</i>
2. STRUCTURE OF BUSINESS ENTITIES	4
2.1 Type of legal form	4
2.2 Type of ownership.....	4
2.3. By sections of activity	5
<i>Table 2. The division of business entities by sectors.....</i>	<i>5</i>
<i>Table 3. Business entities, breakdown by municipalities and sections.....</i>	<i>6</i>
2.4 By size class	7
<i>Table 4. Business entities by size class</i>	<i>7</i>
<i>Table 5. Business entities, breakdown by size class and municipalities</i>	<i>8</i>

INTRODUCTION

This analysis examines business entities with their activity performed in Montenegro. The analysis covers active business entities, i.e. entities that: perform an activity, possess employees, and have certain turnover in the observed year. Contrary to them, registered business entities exist in the records as legal units, but only after number of employees and figures of first reached turnover appear they become active and, accordingly, a subject of observation as statistical units.

This analysis provides an insight into the situation of business entities in Montenegro by municipalities, for the second quarter of 2012. By observing the structure of business entities by legal form, by type of ownership, by sections, and by size class, this analysis aims to provide a picture of business entities in all municipalities in Montenegro that is as simple and clear as possible.

A source for collecting the data presented by the analysis is the Statistical Business Register (SBR). It only serves for statistical purposes, and it is a base for conducting all statistical surveys with enterprises, their parts, and entrepreneurs as reporting units. SBR keeps a record on all changes with different updating periodicity which simplifies the procedure for obtaining timely data.

The data from external sources used for updating SBR are from Tax Administration, Central Register of Business Entities, as well as data obtained from various business and professional associations. A very important source is also statistical surveys providing feedback information, and thus contributing to the SBR data quality.

1. NUMBER OF BUSINESS ENTITIES IN MONTENEGRO

The number of business entities in Montenegro in the second quarter of 2012. was 23 788, which, compared to the first quarter of 2012. presents an increase of 11.6% and 12.6% compared to 2011.

The largest number of businesses in the second quarter of 2012. was recorded in Podgorica and amounts for 8 029 business entities, whereas the lowest number was registered in Šavnik, 19 business entities.

Table 1. The total number of businesses by municipalities

MUNICIPALITY	2011	1st QUARTER of 2012	2nd QUARTER of 2012
Andrijevica	50	51	57
Bar	2 085	1 976	2 185
Berane	465	450	527
Bijelo Polje	1 073	1 069	1 210
Budva	2 294	2 382	2 590
Cetinje	558	566	625
Danilovgrad	308	313	344
Herceg Novi	1 808	1 808	2 006
Kolašin	144	148	167
Kotor	967	958	1 112
Mojkovac	119	119	136
Nikšić	1 563	1 501	1 644
Plav	98	99	106
Pljevlja	479	484	701
Plužine	29	29	32
Podgorica	7 042	7 253	8 029
Rožaje	404	420	472
Šavnik	15	14	19
Tivat	614	641	712
Ulcinj	911	928	999
Žabljak	101	106	115
Total	21 127	21 315	23 788

Table no. 1 concludes that the greatest percentage increase in the number of business entities is registered in Pljevlja, and accounts for 44.8% compared to the first quarter of 2012., and 46.3% compared to 2011, while the smallest percentage increase in the number of business entities was registered in Plav, and amounts for 7.1% compared to the first quarter of 2012., or 8.2% compared to 2011.

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 Type of legal form

Types of legal form are companies and other forms defined by the Law on Companies of Montenegro.¹

Limited Liability Companies – LLC, both one-member and multi-member ones, make over 83% of the total number of business entities, which was also the case in the first quarter of 2012 as well as in the end of 2011, when accounted for more than 80%.

It was single-member and multi-member limited liability companies that recorded the highest growth. In multi-member companies, this increase amounted for 12.2% in Podgorica, in relation to 2011. while in municipalities Plužine, Šavnik and Andrijevića that number remained unchanged.

Although compared to the first quarter of 2012. , the number of entrepreneurs in the second quarter has increased by 7.9% there was a decrease of 5% compared to 2011. That decline was the largest in Podgorica, where 38.1% fewer entrepreneurs were reported.

2.2 Type of ownership

By analyzing the structure of business entities, on the overall level, it can be noticed that over 99% of businesses are privately owned and that the number of businesses belonging to private property has increased by 12.4% compared to the first quarter of 2012.

It is important to highlight that both publicly owned entities and entities without registered type of ownership are excluded from this analysis, since, neither they perform any business activity, nor they are subject of observation by statistical business register.

The percentage increase in the number of business entities that are privately owned in Podgorica amounts for 11.1% compared to the first quarter of 2012. The smallest percentage increase was recorded in Ulcinj and amounts for 8.1%.

2.3. By sections of activity

All companies registered in the following sectors are included:

Table 2. *The division of business entities by sectors*

CODE	DESCRIPTION
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity supply
E	Water supply
F	Construction
G	Wholesale and retail trade, repair of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defense; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers
U	Activities of extraterritorial organizations and bodies

In the second quarter of 2012. the number of businesses in the sector "Wholesale and retail trade", participated with 40.5%, "Accommodation and food service activities" with 10.8%, "Construction" with 8.9%. The highest concentration of business entities is recorded in these sectors and all municipalities generally follow this trend.

Table 3. Business entities, breakdown by municipalities and sections

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	UKUPNO
Andrijevica	3	0	11	0	0	1	31	4	3	0	0	0	1	0	2	1	0	0	0	0	0	57
Bar	15	4	116	1	4	188	767	339	253	29	2	102	124	89	3	2	11	27	107	1	1	2 185
Berane	8	2	84	1	0	23	264	51	47	3	1	0	18	3	3	1	4	9	5	0	0	527
Bijelo Polje	47	2	181	0	0	76	484	204	92	15	2	1	43	10	6	2	2	10	33	0	0	1 210
Budva	12	1	99	1	1	371	723	106	506	37	8	233	232	161	3	4	5	32	53	0	0	2 590
Cetinje	4	2	81	0	1	23	327	71	31	9	1	6	24	21	3	0	3	6	12	0	0	625
Danilovgrad	12	1	56	1	0	37	140	28	25	3	1	3	20	4	3	0	1	2	7	0	0	344
H.Novi	18	2	143	0	2	228	696	85	327	40	14	112	175	66	3	7	10	22	55	1	0	2 006
Kolašin	6	0	21	2	2	8	51	10	39	2	0	5	10	8	1	0	0	1	1	0	0	167
Kotor	15	5	68	1	1	98	389	54	129	16	5	125	110	54	2	2	3	14	21	0	0	1 112
Mojkovac	2	0	34	1	1	11	56	11	10	1	0	2	1	3	1	1	0	0	1	0	0	136
Nikšić	35	8	198	1	8	127	854	97	92	22	8	8	89	38	4	2	3	22	28	0	0	1 644
Plav	4	2	9	0	1	5	54	7	11	1	0	0	4	1	4	0	0	1	2	0	0	106
Pljevlja	13	1	77	0	0	34	333	102	67	7	2	1	12	6	3	1	2	9	31	0	0	701
Plužine	3	0	3	0	0	0	14	2	5	0	0	0	0	1	2	0	0	2	0	0	0	32
Podgorica	41	27	557	22	17	678	3565	287	616	312	104	172	941	239	18	24	26	107	250	1	25	8 029
Rožaje	15	2	144	0	2	39	159	41	31	4	0	2	14	6	4	2	1	1	5	0	0	472
Šavnik	2	0	1	1	2	2	8	2	0	0	0	0	1	0	0	0	0	0	0	0	0	19
Tivat	2	1	55	1	4	98	246	27	86	8	1	40	73	36	2	0	2	9	21	0	0	712
Ulcinj	7	1	80	0	1	56	430	101	178	16	0	24	44	30	2	0	1	6	22	0	0	999
Žabljak	1	0	15	0	1	9	37	4	31	1	0	2	5	6	1	0	0	2	0	0	0	115
Total	265	61	2033	33	48	2112	9628	1633	2579	526	149	838	1941	782	70	49	74	282	654	3	26	23 788

Comparing with the data from the first quarter of the 2012. , the highest growth was recorded in the sector "Wholesale and retail trade" with 938 new business entities, or 10.8%, compared to 2011 the increase amounts to 8.4%.

A significant increase in the number of business entities was recorded in the sector "Manufacturing" which amounted for 19% compared to the data from 2011. That increase is mostly represented in the municipalities of Podgorica, Bijelo Polje, Bar and Rožaje.

2.4 By size class

Classification of enterprises by size uses annual average of number of employees (not the employment with certain date), turnover, and available assets at the annual level.

Table 4. 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 no. 5 shows the number of small, medium and large enterprises for the first quarter of 2012. The number of small businesses increased by 12.7% compared to 2011. The largest increase was recorded in Podgorica, 977 new small enterprises, or 14.2%. However, the largest percentage increase was recorded in Pljevlja, where an increase of 223 new small enterprises makes the percentage growth of 47%. The smallest increase was in the municipality Plužine, where were recorded three new small businesses.

In the medium-sized enterprises class a percentage increase of 7.4% was recorded, compared to the data from 2011. The highest growth was recorded in Podgorica and Nikšić, 9 respectively 4 new medium enterprises. In Danilovgrad and Pljevlja, there was a decrease of one medium-sized enterprise.

Large enterprises have remained at the same level compared to the the data from 2011, with the extinguishing of one company registered in Nikšić and the opening of one new company in Podgorica.

Table 5. Business entities, breakdown by size class and municipalities

MUNICIPALITY	SMALL	MEDIUM	LARGE
Andrijevica	57	0	0
Bar	2 165	19	1
Berane	522	5	0
Bijelo Polje	1 201	8	1
Budva	2 570	15	5
Cetinje	623	2	0
Danilovgrad	339	5	0
Herceg Novi	1 986	16	4
Kolašin	167	0	0
Kotor	1 103	7	2
Mojkovac	135	1	0
Nikšić	1 618	23	3
Plav	105	1	0
Pljevlja	697	3	1
Plužine	30	2	0
Podgorica	7 861	139	29
Rožaje	471	1	0
Šavnik	19	0	0
Tivat	705	6	1
Ulcinj	994	5	0
Žabljak	113	2	0
Total	23 481	260	47

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 harmonization 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 organizational criteria;
- Geographical criteria;
- Activity criteria.

SBR source

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 fulfill 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:

Statistical Office of Montenegro (MONSTAT)

81000 Podgorica, IV Proleterske br.2.

Phone (+382) 20 230-811, Fax (+382) 20 230-814

Author: DEPARTMENT FOR REGISTERS

Technical editor: Ms. Radmila Sisevic

Phone: +382 20 230 969
e-mail: contact@monstat.org