



MONTENEGRO
STATISTICAL OFFICE
Department for Registers

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

Podgorica, February 2012.

Table of Contents

INTRODUCTION	2
1. NUMBER OF BUSINESS ENTITIES IN MONTENEGRO IN THE THIRD AND FOURTH QUARTER OF 2012.....	3
TABLE 1. <i>BUSINESS ENTITIES IN MUNICIPALITIES FOR THE THIRD AND FOURTH QUARTER OF 2012</i>	<i>4</i>
GRAPH 1. <i>MOVEMENT TREND OF THE NUMBER OF BUSINESSES IN SELECTED MUNICIPALITIES</i>	<i>4</i>
2. STRUCTURE OF BUSINESS ENTITIES.....	4
2.1. BY LEGAL FORM.....	4
Table 2. <i>Total number of business entities by legal form in Montenegro for the third and fourth quarter of 2012.....</i>	<i>5</i>
2.2. By type of ownership.....	5
Table 3. <i>Total number of business entities by type of ownership</i>	<i>5</i>
2.3. BY SECTIONS	6
Table 4. <i>The division of business entities by sectors</i>	<i>6</i>
2.4. BY SIZE CLASS	7
Table 5. <i>The division of business entities by size class in Montenegro</i>	<i>7</i>
GRAPH 2. <i>BUSINESS ENTITIES BY SIZE CLASS.....</i>	<i>7</i>
3. METHODOLOGICAL NOTES ON STATISTICAL BUSINESS REGISTER (SBR).....	8

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.

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.

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⁾ 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 THIRD AND FOURTH QUARTER OF 2012²⁾

The number of business entities in Montenegro in the fourth quarter of 2012. was 22 351, which, compared to the third quarter of 2012., when there was 23 789, presents an decrease of 1 438 business entities, which means decrease of 6%.

Table 1. Business entities in municipalities for the third and fourth quarter of 2012

MUNICIPALITY	FREQUENCY III QUARTER	PERCENTAGE	FREQUENCY IV QUARTER	PERCENTAGE
Andrijevisa	56	0,2	57	0,2
Bar	2 183	9,2	2 279	10,2
Berane	527	2,2	527	2,4
Bijelo Polje	1 210	5,1	1 115	5,0
Budva	2 590	10,9	2 499	11,2
Cetinje	625	2,6	579	2,6
Danilovgrad	345	1,5	362	1,6
Herceg Novi	2 008	8,4	1 750	7,8
Kolasin	167	0,7	176	0,8
Kotor	1 113	4,7	1 029	4,6
Mojkovac	136	0,6	137	0,6
Niksic	1 642	6,9	1 588	7,1
Plav	106	0,4	111	0,5
Pljevlja	701	2,9	696	3,1
Pluzine	32	0,1	35	0,2
Podgorica	8 029	33,8	7 087	31,7
Rozaje	472	2,0	474	2,1
Savnik	19	0,1	21	0,1
Tivat	712	3,0	733	3,3
Ulcinj	1 001	4,2	967	4,3
Zabljak	115	0,5	129	0,6
Total	23 789	100,0	22 351	100,0

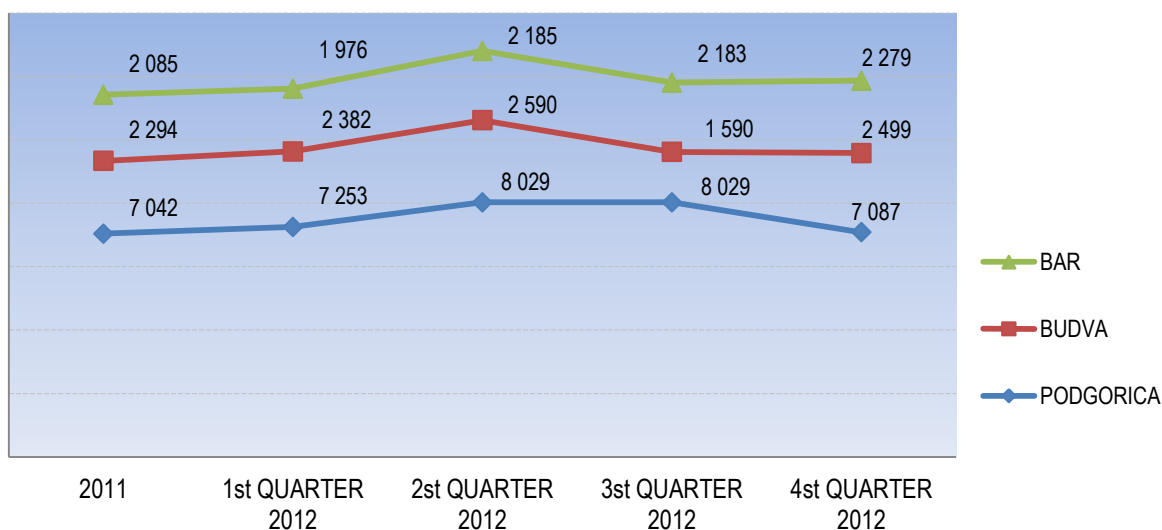
The largest number of business entities, observing the fourth quarter of 2012, were presented in Podgorica, 7 087, or 31,7% from the total number, then there is Budva with 2 499 which represents 11,2% from the total number and Bar with 2 279 business entities or 10,2% of the total number of business entities.

2) The data for the third quarter are related on the period finished with 30 th of September 2012

The data for the fourth quarter are related on the period finished with 31 th of December 2012

Comparing data from the fourth quarter with the data from the third quarter of the 2012. in the mentioned municipalities Podgorica and Budva, we had decrease. In Podgorica decrease was 942 business entities which means 11,7%. A decrease of the number of business entities which was registered in Budva was 91 which means 3,5% .In Bar was increases of the 4,4% of business entities.

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 Montenegro³⁾.

³⁾ Official Gazette of the Republic of Montenegro 06/02

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

CODE	LEGAL FORM	FREQUENCY/ PERCENTAGE		FREQUENCY/ PERCENTAGE	
		3rd quarter 2012		4rd quarter 2012	
		Freq.	%	Freq.	%
10	Co-operative society	413	1,7	288	1,3
11	Limited liability partnership	48	0,2	45	0,2
12	Joint-stock company	315	1,3	245	1,1
13	Single member joint-stock company	3	0,0	3	0,0
14	Limited liability company	5 135	21,6	4 499	20,1
15	Single member private limited company	14 648	61,6	13 702	61,3
17	Publicly owned enterprise	13	0,1	13	0,1
18	Entrepreneur	2 797	11,8	3 153	14,1
19	Professional association	5	0,0	5	0,0
31	Bank	12	0,1	12	0,1
32	Other financial organization	6	0,0	6	0,0
33	Stock exchange	1	0,0	1	0,0
34	Stock broker	21	0,1	12	0,1
36	Joint-stock insurance company	12	0,1	9	0,0
72	Judicial body	50	0,2	50	0,2
73	Local self-government unit body	12	0,1	12	0,1
81	Political organization	15	0,1	15	0,1
90	Other forms	283	1,2	281	1,3
Total		23 789	100,0	22 351	100,0

From the total number of bussiness entities in the fourth quarter of 2012., the sector " Single member private limited company" accounts for 61,3% which, together with the sector " Limited liability company" which accounts for 20,1%, take part 81,4% in the total number of business entities. The number of Entrepreneurs take part 14,1% in the total number of business entities.

Comparing with the data from the third quarter of the 2012, has been registered a decrease of 1,5% in the sector "Limited liability company" , 0,4% in the sector "Co-operative society" and 0,3% in the sector "Single member joint-stock company", while a grofth of 2,3% , has been registered in the "Entrepreneur" population.

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 third and in fourth quarter of 2012.

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

CODE	DESCRIPTION	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
2	Private ownership	23 626	99,3	22 190	99,3
3	Cooperative ownership	3	0,0	6	0,0
4	Two or more shapes	64	0,3	58	0,3
5	State ownership	96	0,4	97	0,4
Total		23 789	100,0	22 351	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 III QUARTER	PERCENTAGE III QUARTER	FREQUENCY IV QUARTER	PERCENTAGE IV QUARTER
A	Agriculture, forestry and fishing	267	1,1	255	1,1
B	Mining and quarrying	61	0,3	58	0,3
C	Manufacturing	2 035	8,6	1 963	8,8
D	Electricity supply	33	0,1	38	0,2
E	Water supply	48	0,2	47	0,2
F	Construction	2 113	8,9	2 027	9,1
G	Wholesale and retail trade, repair of motor vehicles and motorcycles	9 617	40,4	8 697	38,8
H	Transportation and storage	1 635	6,9	1 610	7,2
I	Accommodation and food service activities	2 578	10,8	2 518	11,3
J	Information and communication	525	2,2	482	2,2
K	Financial and insurance activities	147	0,6	139	0,6
L	Real estate activities	838	3,5	780	3,5
M	Professional, scientific and technical activities	1 948	8,2	1 855	8,3
N	Administrative and support service activities	784	3,3	780	3,5
O	Public administration and defense; compulsory social security	70	0,3	70	0,3
P	Education	49	0,2	45	0,2
Q	Human health and social work activities	73	0,3	64	0,3
R	Arts, entertainment and recreation	284	1,2	260	1,2
S	Other service activities	655	2,8	633	2,8
T	Activities of households as employers	3	0,0	4	0,0
U	Activities of extraterritorial organizations and bodies	26	0,1	26	0,1
Total		23 789	100,0	22 351	100,0

Comparing data from the third and fourth quarter of 2012., in the fourth quarter there has been a growth of 0,5% in the sector "Accommodation and food service activities", 0,3% in the sector "Transportation and storage " and 0,2% in the sector "Construction". The biggest procentual decrease compared with data from the third quarter of 2012 was registered in sector." Wholesale and retail trade, repair of motor vehicles and motorcycles" and it was 1,6%.

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.

The division of business entities by size class in Montenegro

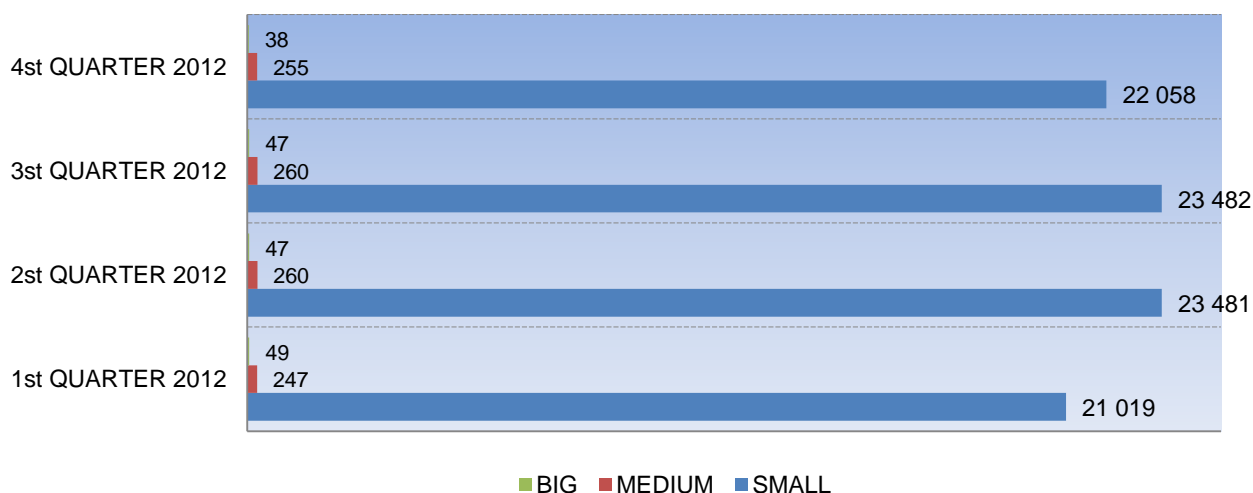
CLASS	DESCRIPTION	EMPLOYEES	TURNOVER (in EUR)	ASSETS (in EUR)
1	Small enterprises	FROM 1 TO 49	< 10 000 000	< 10 000 000
2	Medium-sized enterprises	FROM 50 TO 249	FROM 10 000 000 TO 50 000 000	FROM 10 000 000 TO 43 000 000
3	Large enterprises	>250	> 50 000 000	> 43 000 000

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

DESCRIPTION	FREQUENCY / PERCENTAGE		FREQUENCY / PERCENTAGE	
	3rd quarter 2012		4rd quarter 2012	
	Freq.	%	Freq.	%
Small enterprises	23 482	98,7	22 058	98,7
Medium-sized enterprises	260	1,1	255	1,1
Large enterprises	47	0,2	38	0,2
Total	23 789	100,0	22 351	100,0

Table 5. shows the number of small, medium and large enterprises for the third and fourth quarter of 2012. Compared to the data from the third quarter of 2012, we notes an increase of number of business entities in the all three classes. In the class of small enterprises, comparing data between third and fourth quarter of 2012, in fourth quarter has been registered a decrease of 6,1%. In the class of medium enterprises this decrease was 1,9% and in class of large enterprises 19,1%.

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.

Published by:

Statistical Office of Montenegro (MONSTAT)

81000 Podgorica, IV Proleterske br.2

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

Author: Ms. Marijana POPOVIĆ – RONČEVIĆ, MSc.

Technical editor: Ms. Radmila Sisevic

Phone: +382 20 230 969

e-mail: contact@monstat.org