

Enterprise operations, year 2015



PREFACE

Statistical Office of Montenegro - MONSTAT in order to harmonize with international standards and European statistical system continued to work on the monitoring, collection and publishing data of the market economy that are internationally comparable.

Implementation of structural business statistics is in line with EU Regulation No. 295/2008, which establishes a single framework for the collection, processing and publication of data on the activities of the company.

Calculation of business indicators is based on data obtained from financial statements of companies, data from investment research (INV-01) and the data that are available from the Business Register, for small, medium and large enterprises.

In accordance with the European standards, the Statistical Office of Montenegro - MONSTAT has prepared "Enterprise operations, year 2015".

This publication contains the methodological explanations of statistical indicators, that are allowing proper and easier use of information presented, as well as the the main indicators of the Montenegrin business according to the different activities and enterprise clases.

Consists of two chapters, in the first chapter are specified methodological explanations, while the second chapter apply to elements that are essential for the structural analysis of businesses in the economy, starting with the production value, costs, turnover, investments, business entities in Montenegro, etc.

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1. Methodological explanations

1.1 The aim and purpose of research

The aim of this survey, "Structural business statistics" (SBS 01), is to describe the economy through the observation of institutional units involved in the creation of economic activity.

The purpose of the survey is to provide indicators that are needed to analyze the structure of activities of economic entities, the structure of inputs and outputs in the production process, business success and competitiveness of economic agents at a certain level of activity.

1.2 Legal basis

The legal basis for the implementation statistical survey is the Law on Official Statistics and the system of official statistics ("Off.Gazette of Montenegro", no. 18/12) and EU Regulation 295/2008.

European Commission Regulation no. 295/2008 is regulation that is defining the methodology of collecting, calculating, checking and publishing data on the operation of business enterprises.

Other regulations that supplement and / or amend the methodological framework set by regulation 295/2008 are:

- *Regulation 250/2009 which defines the set of variables that needs to be collected in this study, the technical format that must be followed when transferring data as well as the reporting to the Classification of Economic Activities (NACE Rev. 2).*
- *Regulation 251/2009 that supplements the main regulation 295/2008 in part of a series of data that must be produced for structural business statistics.*
- *Regulation 275/2010 that defines the criteria for assessing the quality of research (quality reporting).*

1.3 Coverage

In accordance with the methodology used for the implementation of this research, are covered all business entities that are registered, according to the classification of activities KD2010¹, in the following sectors:

¹ Classification of Economic Activities KD 2010 is harmonized with the Classification of Economic Activities of the European Community (NACE Rev. 2).

Table 1 Observed sectors, by Nace Rev 2 (KD 2010)

Classification of activities		Division
B	Mining and quarrying	05-09
C	Manufacturing	10-33
D	Electricity, gas, steam and air conditioning supply	35
E	Water supply; sewerage, waste management and remediation activities	36-39
F	Construction	41-43
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	45-47
H	Transportation and storage	49-53
I	Accommodation and food service activities	55-56
J	Information and communication	58-63
L	Real estate activities	68
M	Professional, scientific and technical activities	69-75
N	Administrative and support service activities	77-82
P	Education	85
Q	Human health and social work activities	86-88
R	Arts, entertainment and recreation	90-93
S	Other service activities	94-96

The following sectors of activity according to the classification KD 2010 are not included in this study:

- *Agriculture, forestry and fishing - Sector A*
- *Financial and insurance activities - Sector K*
- *Public administration and defense, compulsory social security - Sector O*
- *Activities of households as employers, household activities that produce goods and services for their own use-T sector*
- *Activities of extraterritorial organizations and bodies - Sector U.*

In addition to business entities that are registered in these non-covered sectors of activity, forms of association such as cooperatives, social enterprises, civic associations, social and political organizations and entrepreneurs are also excluded from this survey.

Number of companies refers to the number of registered businesses adjusted in accordance with the requirements of Regulation 295/2008, on the way to include all economic entities who are active, who had a turnover and employees during the reference period.

Business entities are classified according to size into three classes according to the number of employees:

- *Small – from 0 to 49 employees*
- *Medium – from 50 to 249 employees*
- *Large – more than 250 employees*

In Montenegro, number of business entities that are monitored by research "Structural Business Statistics," in 2015 was the highest in the sector "Wholesale and retail trade and repair of motor vehicles and motorcycles".

1.4 Sources of data collection

Data shown in this publication were compiled from available data sources.

Administrative data sources are the financial statements of business entities and the statistical annex (Tax Administration of Montenegro).

Other sources were statistical surveys of MONSTAT:

- *investments*
- *short-term statistics, and*
- *available data from the Business Register.*

2. Basic economic categories

2.1. Gross output, intermediate consumption and gross value added

Gross output is defined as the market value of all goods and services at the level of the national economy. Gross output measure really produced quantity of goods and services, based on sales, including changes in stocks of goods and services, as well as their resale.

Intermediate consumption is valued at the purchase price and represents the value goods and services that are transformed, used or consumed in the production process.

Gross value added represents the difference between gross output and intermediate consumption.

Table 2 shows categories: gross output, intermediate consumption and gross value added by sector of activity classification KD 2010(Nace Rev 2), in thousand EUR.

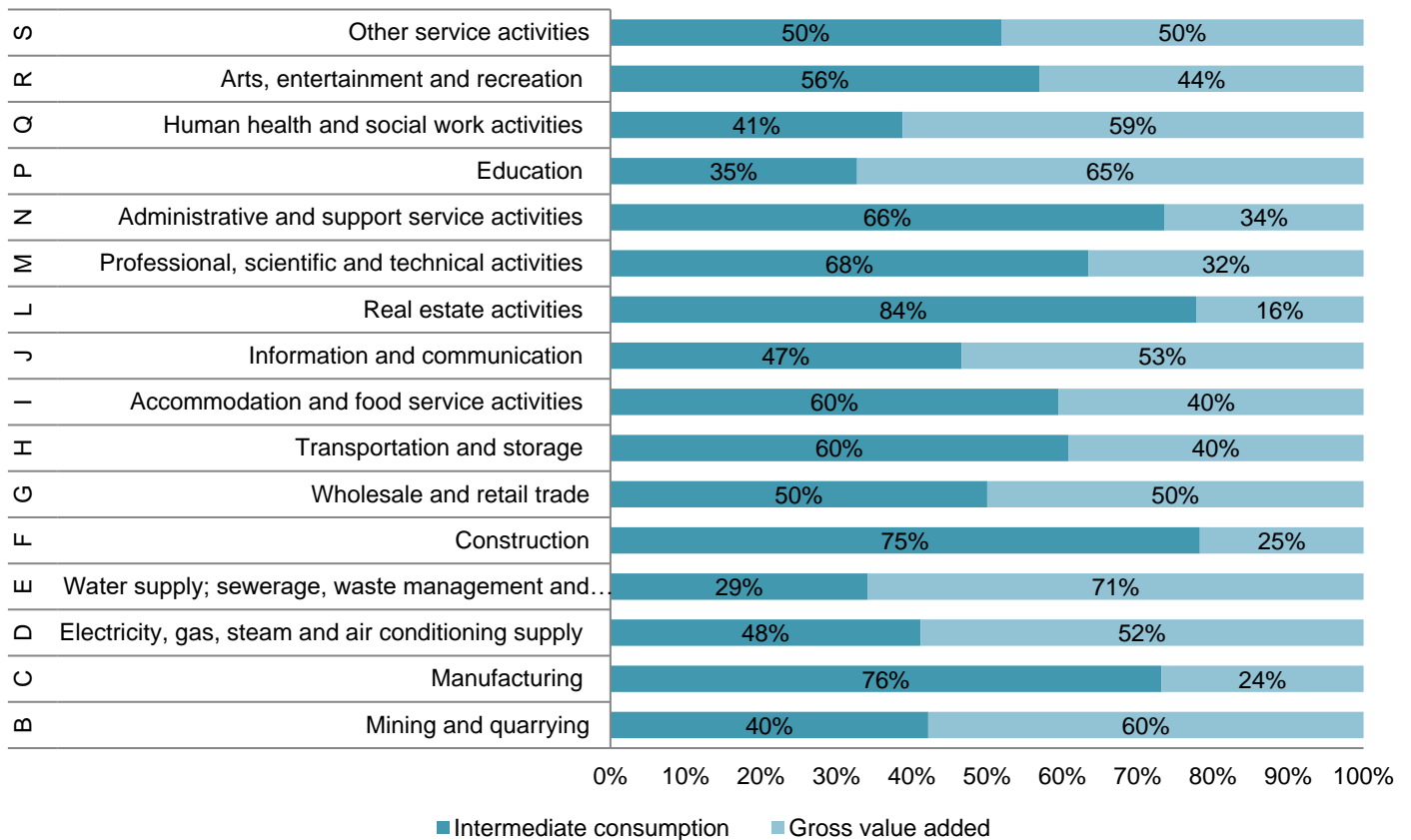
Table 2 Gross output, intermediate consumption and gross value added by sector of activity classification Nace Rev 2, in thousand EUR.

Classification of activities		Gross output	Intermediate consumption	Gross value added
B	Mining and quarrying	70,065	27,702	42,363
C	Manufacturing	420,427	321,149	99,278
D	Electricity, gas, steam and air conditioning supply	227,166	108,306	118,860
E	Water supply; sewerage, waste management and remediation activities	80,124	23,338	56,786
F	Construction	511,574	382,812	128,762
G	Wholesale and retail trade	809,578	401,581	407,997
H	Transportation and storage	342,169	206,704	135,465
I	Accommodation and food service activities	222,765	132,609	90,156
J	Information and communication	285,359	134,283	151,076
L	Real estate activities	47,919	40,140	7,779
M	Professional, scientific and technical activities	187,372	127,135	60,237
N	Administrative and support service activities	108,522	71,763	36,759
P	Education	13,657	4,825	8,832
Q	Human health and social work activities	41,242	16,819	24,423
R	Arts, entertainment and recreation	77,272	43,011	34,261
S	Other service activities	17,272	8,665	8,607

The highest output value is realized in the sector "Wholesale and retail trade and repair of motor vehicles and motorcycles", 809 578 thousands euro. Sector "Manufacturing" is achieved output value of 511 574 thousands euro.

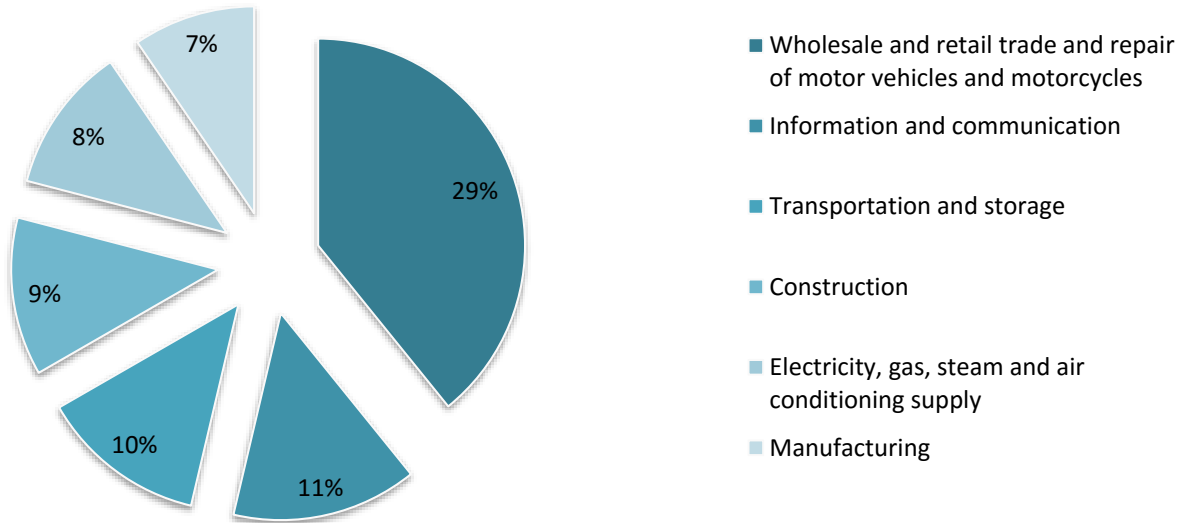
The graph 1 shows the share of intermediate consumption and gross value added in gross output. In the sector of "Construction" share of intermediate consumption in the gross output amounted to 75%. In the sector of "Wholesale trade, retail trade and repair of motor vehicles and motorcycles" share of intermediate consumption and gross value added in the gross output accounted to 50%.

Graph 1 Share of intermediate consumption and gross value added in output, %



The graph 2 shows the share of gross value added by sectors in the total gross value added of all observed sectors.

Graph 2 Share of gross value added by sectors in the total gross value added, %



Sector of "Wholesale and retail trade and repair of motor vehicles and motorcycles" has achieved 29% share of gross value added in the total gross added value. Sector "Information and communication" had a share of 11% of gross value added in total value. The following sectors "Transportation and storage" and "Construction" with a share of 10% and 9%.

Table 3 shows the structure of output, intermediate consumption and gross value added by enterprise size class (number of employees).²

Table 3 Output, intermediate consumption and gross value added by enterprise size class, in thousand EUR

	Gross output	Intermediate consumption	Gross value added
Small	1,766,726	1,194,801	571,925
Medium	830,099	431,211	398,888
Large	865,661	424,834	440,827

² Data are grouped for reasons of confidentiality of individual data, in accordance with the Law on Official Statistics and the system of official statistics and the European Commission Regulation no. 250/2009, individual data is treated as confidential and not published (Chapter XIII, Articles 54-61).

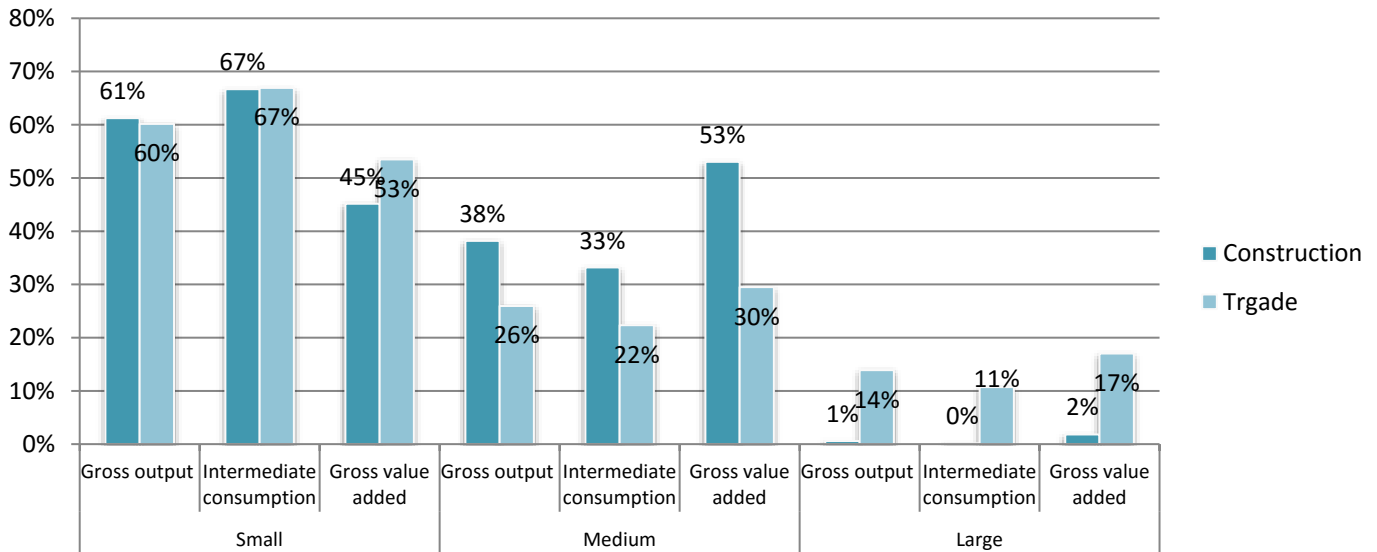
Output value of 1 766 726 thousand EUR was realized by small enterprises and amounts 51% of the total value of gross output. The value of intermediate consumption realized by small enterprises is 58% of the total value of intermediate consumption, while the value of gross value added by small enterprises is 40% of the total gross value added.

Sector of "Wholesale and retail trade and repair of motor vehicles and motorcycles", consists from the following divisions:

- G45 - Wholesale and retail trade and repair of motor vehicles and motorcycles
- G46 - Wholesale trade, except of motor vehicles and motorcycles
- G47 - Retail trade, except of motor vehicles and motorcycles.

Output value was achieved mostly by small enterprises in the sector, of "Construction" with the value of the share of 61%, and the "Trade" with the value of the share of 60% (Graph 3).

Graph 3 Share of output, intermediate consumption, gross value added in total value, according to the class of enterprise for sector "Wholesale and retail trade and repair of motor vehicles and motorcycles" and "Construction", in %

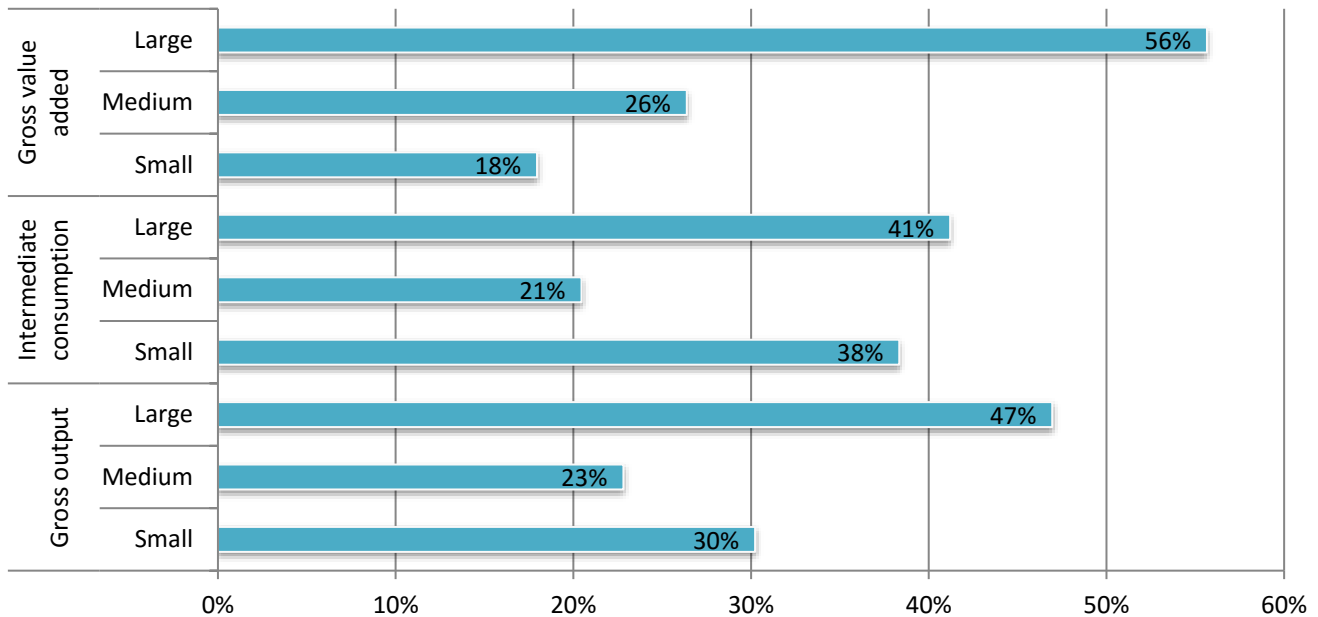


Structure of gross output, intermediate consumption and gross value added by enterprise size class, grouped in sector "Industry" was presented in graph 4.

According to the classification of activities KD 2010(Nace Rev 2) the following sectors are included in industry:

- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water supply; sewerage, waste management and remediation activities.

Graph 4 Share of output, intermediate consumption and gross value added in total value, according to the class of enterprise for sector “Industry”, %



Observing class of large enterprises in sector of “Industry”, the share of gross output is 47%, intermediate consumption 41% and gross value added with a share of 56%.

2.2. Turnover

According to Regulation 250/2009 turnover includes incomes from sales of products, goods and services, income generated from other business activities. Financial and extraordinary income in enterprises accounts is not a result of operating activities and, as such, is not included in the turnover.

Turnover is presented in Table 4.

Value of turnover was highest in the sector of "Wholesale and retail trade and repair of motor vehicles and motorcycles" and that value represents 51% of the total turnover of the observed sectors.

Turnover in the sector of "Construction" amounted to 576 141 thousand. EUR while the sector "Manufacturing" amounted 551,082 thousand. EUR

Table 4 Turnover by Nace Rev 2 clasification, by activities, in thousand EUR

Classification of activities		Turnover
B	Mining and quarrying	76,794
C	Manufacturing	551,082
D	Electricity, gas, steam and air conditioning supply	278,030
E	Water supply; sewerage, waste management and remediation activities	93,519
F	Construction	576,141
G	Wholesale and retail trade	3,358,286
H	Transportation and storage	387,098
I	Accommodation and food service activities	282,899
J	Information and communication	310,584
L	Real estate activities	84,651
M	Professional, scientific and technical activities	262,072
N	Administrative and support service activities	131,601
P	Education	13,691
Q	Human health and social work activities	44,355
R	Arts, entertainment and recreation	80,911
S	Other service activities	26,477

Sector of "Trade" had a share of 52% of the total turnover realized by small enterprises. Sector of "Service" is characterized by the participation of 29% of the turnover generated by small enterprises while the share of the value of the turnover in the class of medium enterprises by sector "Trade" amounted for 58% of the total turnover of this class. Concerning large enterprises, sector "Trade" had the largest share, 43% of the total turnover of the large enterprises (graph 5).

Graph 5 Shares of the turnover of the observed sectors in the total turnover, according to the class of enterprises, in%

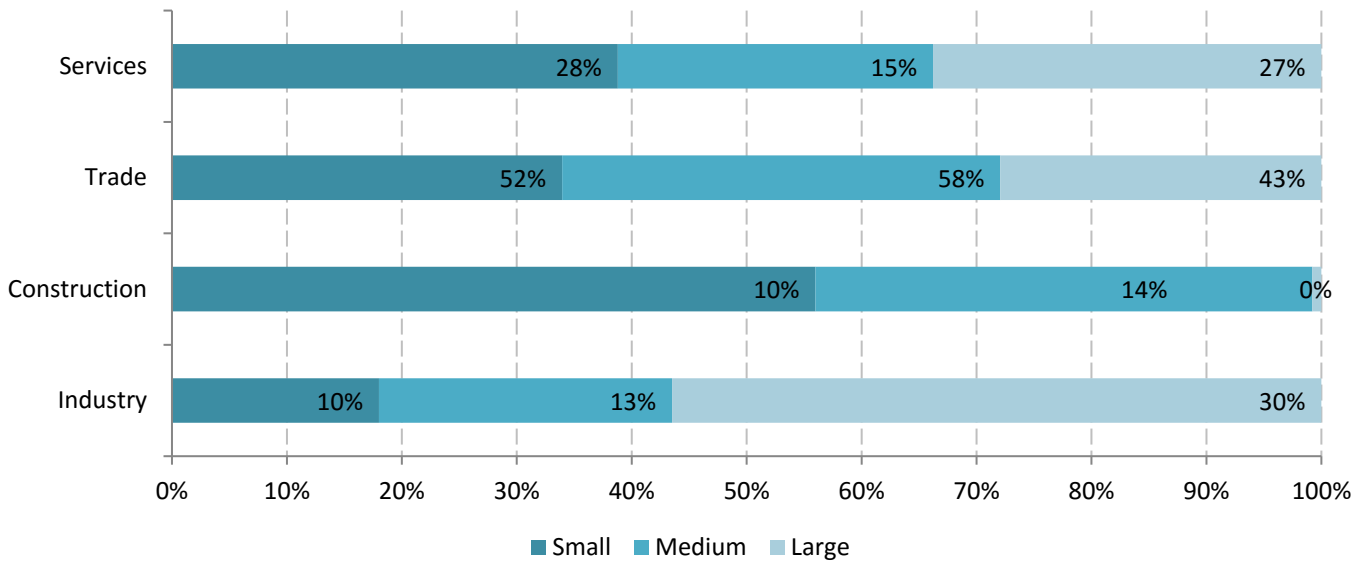


Table 5 Turnover by sectors "Industry", "Construction", "Trade" and "Services" according class of enterprises by number of employees, in thousands of EUR

	Small	Medium	Large
Industry	343,843	218,304	437,279
Construction	327,929	245,300	2,913
Trade	1,755,084	990,338	612,864
Services	969,928	266,411	388,001

2.3. Costs

Purchases of goods and services include value of all goods and services purchased during an accounting period for resale or consumption in the production process. Goods and services can be resold with or without further processing, fully used in the production process or left as stock.

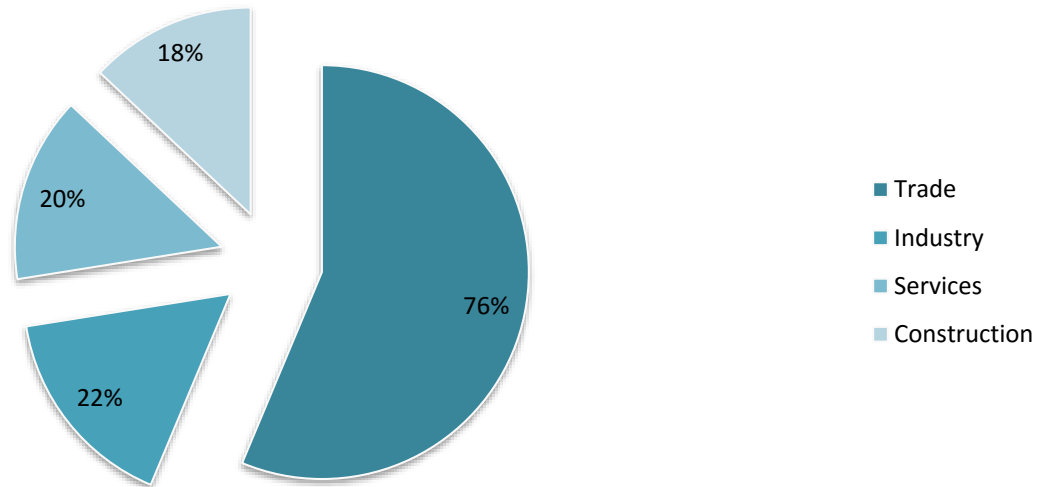
Table 6 Purchase of goods and services, costs of material, by sectors in thousand EUR

Classification of activities		Purchase of goods and services	Costs of material
B	Mining and quarrying	6,819	17,772
C	Manufacturing	144,710	263,189
D	Electricity, gas, steam and air conditioning supply	50,959	55,575
E	Water supply; sewerage, waste management and remediation activities	15,691	13,431
F	Construction	100,949	181,804
G	Wholesale and retail trade	2,550,360	122,121
H	Transportation and storage	43,669	66,489
I	Accommodation and food service activities	61,244	62,084
J	Information and communication	35,431	25,628
L	Real estate activities	36,897	8,189
M	Professional, scientific and technical activities	73,455	38,450
N	Administrative and support service activities	23,591	10,253
P	Education	51	1,007
Q	Human health and social work activities	3,635	9,978
R	Arts, entertainment and recreation	30,929	4,689
S	Other service activities	9,292	3,684

Table 6 presents the following costs, purchases of goods and services and the cost of materials, in thousand EUR.

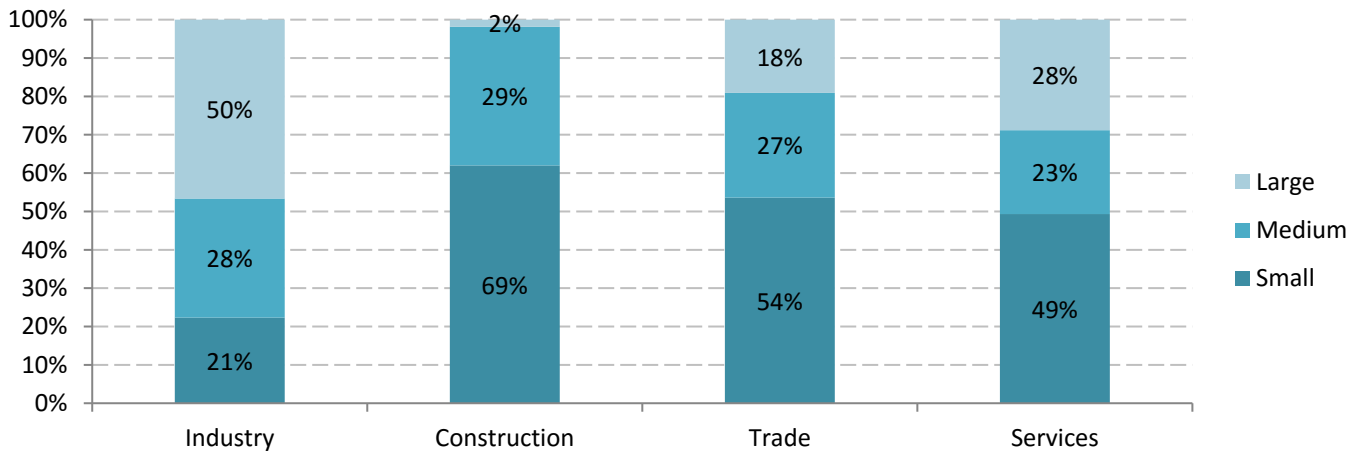
Total purchases of goods and services reached the highest value in the sector "Wholesale and retail trade, repair of motor vehicles and motorcycles", and to 2 550 360 thousands EUR. Material costs were the highest in the sector "Manufacturing", and to 263 189 thousands EUR.

Graph 6 Share of purchase of goods and services in total turnover, by sectors, in %



On Graph 6 are presented percentage shares of purchases of goods and services in the total turnover of business entities by sectors. The largest share of 76% was achieved in the sector "Wholesale and retail trade and repair of motor vehicles and motorcycles". After this sector sectors of "Industry" had share of 22%. A minimum participation of 18% of the purchase value of goods and services of the total turnover is realized in the sectors of "Construction".

Graph 7 Share of the costs of salaries, benefits and other employee benefits in the total amount of observed sector, according to the class of enterprises by number of employees, in thousands. EUR



Salaries, benefits and other employee benefits in sector of "Industry" have been achieved by large companies, 50% of the total value of these costs of the observed sector. Sectors "Construction", "Trade" and "Service" are characterized by the highest costs of salaries, benefits and other employee benefits earned by small businesses. Sector "Construction" had a share of 69% of salary costs generated by small businesses while "Trade" sector had share of 54%.

2.4. Investments

Investments in fixed capital are purchases made by business entities in order to acquire new assets, increase the values of or replace existing fixed assets (dwelling buildings, other buildings and structures, machinery and equipment, cultivated biological resources and intellectual property products: research and development, mineral exploration and evaluation, computer software and databases, entertainment, literary or artistic originals and other intellectual property products). Realized investment during the reference year is the value of actual construction, building or procurement of facilities, equipment etc., regardless of whether they are completed or not and payment made.

Table 7 shows the investments in construction of buildings and other structures, investments in machinery and equipment by sectors. At the aggregated level the largest amount of investment in buildings and other structures was recorded in the activity of "Wholesale and retail trade, repair of motor vehicles and motorcycles" in the amount of 52,026 thousand. EUR while the lowest amount of these investments was in the sector of "Real estate" in the amount of 192 thousand. EUR.

The greatest value of investments in machinery, equipment and other technical devices is achieved in the sector "Information and communication" and to 39,989 thousand. EUR.

Table 7 Investments in construction of buildings and other structures, in machinery, equipment and other technical devices, in thousand EUR

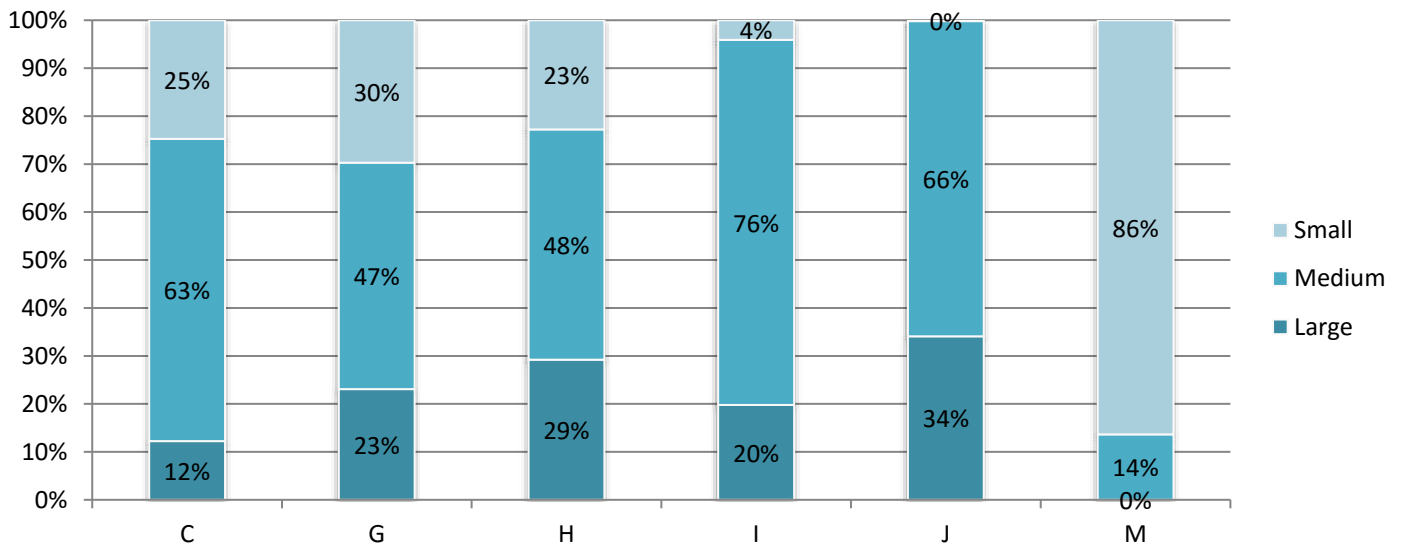
Classification of activities		Investments in construction of buildings and other structures	Investments in machinery, equipment and other technical devices	Other
B	Mining and quarrying	1,974	8,971	1,464
C	Manufacturing	14,607	17,841	2,557
D	Electricity, gas, steam and air conditioning supply	5,363	31,197	6,775
E	Water supply; sewerage, waste management and remediation activities	2,959	3,616	157
F	Construction	11,739	12,753	28
G	Wholesale and retail trade	52,026	19,558	4,457
H	Transportation and storage	4,057	25,420	1,104
I	Accommodation and food service activities	21,117	5,394	42
J	Information and communication	10,593	39,989	21,885
L	Real estate activities	192	6,360	156
M	Professional, scientific and technical activities	12,840	4,656	347
N	Administrative and support service activities	282	4,227	18

The graph 8 presents the share of investment in new and used fixed assets for certain sectors that had the highest share of investments in their total value, according to the number of employees, in%.

In the sector of "Professional, scientific and technical activities" share of investments in new and used fixed assets generated by small enterprises amounted to 86% of their total value.

In the sector "Accommodation and food service activities" share of investments in new and used fixed assets generated by medium enterprises amounted to 76% of their total value.

Graph 8 Investment in new and used fixed assets for certain sectors by enterprise size class, in %



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