



~ Methodology ~

**STRUCTURAL INDICATORS OF BUSINESS ACTIVITIES OF ENTERPRISES
AND ENTREPRENEURS**

LEGAL BASIS

The survey is carried out in accordance with the Law on Statistics of Republika Srpska ("Official Gazette of Republika Srpska", No.85/03) and the Statistical Programme 2013-2017, 01-646/09 ("Official Gazette of Republika Srpska", No.33/09).

The obligation to submit data to the Republika Srpska Institute of Statistics is based on Article 8 of the Law on Statistics of Republika Srpska ("Official Gazette of Republika Srpska", No.85/03).

Pursuant to Articles 27 and 28 of the Law on Statistics of Republika Srpska and in accordance with the Rules of protection of confidential data, the Institute is obliged to protect submitted confidential data. Therefore, the Institute must not use the data collected for statistical purpose for any other purpose and these data must not be published as individual data.

METHODOLOGY

Methodology used for the survey implementation complies with the European statistical standards and its content is defined by the basic EU Regulation 295/2008 and implementation regulations 250/2009, 251/2009 and 275/2010.

Aim and content

The aim of the survey is the production of indicators necessary for the analysis and monitoring of business activities of market producers and the provision of data completely and in accordance with European standards. Produced data are used for the analysis of structure of enterprises and entrepreneurs and of structure of factors used in the production process, for the analysis of business profit and losses and competitiveness, as well as for the analysis of development of business operations at regional and international levels.

Also, Structural Business Statistics data represent important inputs for estimates and calculation of macroeconomic aggregates in the National Accounts, for weights calculation used for calculation of indices in short-term statistics, as well as for data updating in the Statistical Business Register.

Reporting units and observation units

Reporting units in this survey are economically active enterprises from the Statistical Business Register.

Several types of observation units are used for this survey:

- Enterprise (for the calculation of most of the indicators)
- Local unit (for the calculation of regional data)
- Units by kind of activity (for the calculation of pure activity data).

The source of data for entrepreneurs is the Tax Administration of Republika Srpska and this authority provides data on the activity status and number of employees for the Statistical Business Register.

Coverage

Structural business statistics cover active enterprises and entrepreneurs from the following sections of the Classification of Economic Activities BiH 2010 (NACE Rev.2):

B – Mining and quarrying

C – Manufacturing

D – Electricity, gas, steam and air-conditioning production and supply

E – Water supply; sewerage, waste management and remediation activities

F – Construction

G – Wholesale and retail trade; repair of motor vehicles and motorcycles

H – Transport and storage

I – Accommodation and food service activities

J – Information and communication

L – Real estate activities

M – Professional, scientific and technical activities

N – Administrative and support service activities

S – Other service activities

This statistical survey covers active enterprises of non-financial business economy, which operate in Republika Srpska and which have submitted their financial reports for the previous year. The framework for the survey implementation is the Statistical Business Register, kept and updated at the Republika Srpska Institute of Statistics. The method of full coverage was used to conduct this survey for enterprises with 20 or more

persons employed, and the sample method was used for enterprises with less than 20 persons employed. The sample is designed as a stratified random sample.

Statistical estimate covers active entrepreneurs with the number of employed persons exceeding zero.

Method, period and sources of data collection

Collection of data for enterprises is carried out using the reporting method, through „Annual reports on structural business statistics”.

Features collected through this form are available in accounting, personnel and other records of business entities. These include:

- Revenues
- Expenditure
- Stocks
- Employees
- Investments, etc.

The form also includes identification and address data, data on kind of activity and units classified in accordance with different activities and different locations, as well as data on status and structural changes of business entities. These data are used to update the Statistical Business Register.

Data on entrepreneurs are estimated based on the number of persons employed, using the mathematical and statistical method of regression and correlation analysis. Basic assumptions of this model are:

- Similarity between enterprises and entrepreneurs in the same activity and class of employees;
- Correlation between the number of employees and all other variables.

Based on available data on entrepreneurs (activity code, number of entrepreneurs and number of employed persons) on one hand, and data on enterprises (all SBS variables) on the other, all SBS variables for entrepreneurs are estimated.

Data processing

Data are processed and results produced at all levels of activity, by size of enterprises and entrepreneurs.

For the part of the population for which a sample was selected (enterprises), values referring to the entire set are estimated, using the “Horvitz-Thompson” method.

Data on entrepreneurs are estimated by multiplying the known value of an enterprise variable, from a certain group and class of employees, with the corresponding coefficient. Coefficients represent the ratio of the number of employed persons

(employees) of entrepreneurs and the number of employed persons (employees) of enterprises.

Definitions of main features

Number of enterprises and entrepreneurs covers entities from the Statistical Business Register in the population subject to observation, which operated commercially and were active for at least a part of the reference year (with either realised turnover or with employees). Temporarily inactive (quiescent) and actually inactive enterprises and entrepreneurs are excluded.

Number of persons employed includes number of employees and unpaid employed persons such as proprietors, partners, family members, volunteers, etc.

Number of employees covers persons who are employed on a temporary or permanent basis, working in full or part time. Number of employees includes seasonal workers, apprentices, people working from home and persons on strike or on short-term leave. This number does not cover persons on long-term leave. Employees are paid by the employer for performed work, and payments can be in the form of wage, salary, fee, gratuity, piecework pay or remuneration in kind.

Turnover covers calculated revenues from sale of own products, revenues from provided services and revenues from sale of goods for resale, during the reference period. Calculation of turnover includes all accrual taxes, except VAT and excise.

Value added at factor costs is given as the gross amount (without depreciation deduction), calculated by adding subsidies to production value at basic prices, and subtracting product and production tax costs and value of intermediate production from it.

Personnel costs are defined as total compensation of employees during the reference period, in money or in kind. These consist of gross wages and salaries, and other personnel costs having the character of personal income.

Turnover per person employed is obtained by dividing total turnover by total number of persons employed. This indicator expresses the enterprise or entrepreneur's selling capacity from specific activity.

Value added per person employed is a basic indicator for **labour productivity** measuring. This indicator shows the amount of value added produced per person employed.

Share of value added in production value is obtained by dividing total value added by total achieved production value.

Labour costs per employee show the average costs of employees in certain activities and these are obtained by dividing total labour costs by number of employees, that is, by number of persons who were paid for performed work.

Profitability rate (gross operating rate) represents percentage share of gross operating surplus in turnover. This indicator shows earning capacity of enterprises and entrepreneurs or of certain activity.

Compliance with international recommendations

Implementation of this survey fully complies with the recommendations of the EU Regulations for this field, thus ensuring the international comparability of the data for Republika Srpska with those for other countries. Definitions and recommendations defined by the basic EU Regulation 295/2008 and implementation regulations 250/2009, 251/2009 and 275/2010 are used.

DESCRIPTION OF SURVEY ORGANISATION

Authorities implementing the statistical survey

Authorised producer of SBS data is the Republika Srpska Institute of Statistics. Collection of reports is carried out in regional offices of the Republika Srpska Institute of Statistics, with data entry and processing and production of outputs being carried out at the Services Statistics Department and Production Statistics Department of the Institute. These Departments perform formal, calculation and logical control, testing of extreme values of microdata, estimates and analysis of results, etc.

Implementation frequency

Reporting unit is obliged to submit data to the Republika Srpska Institute of Statistics five months after the end of the reference year.

Data are published annually. Preliminary results are available in October, for the previous year. Final data are published 15 months after the end of the reference year.

Survey instruments

For the implementation of the SBS survey, the following methodological instruments are used:

- Questionnaires
- Instructions for completing the questionnaire
- Letter to reporting units.

Publishing

In accordance with European recommendations, results of Structural Business Statistics are shown by main activity of the reporting unit, that is, if an enterprise performs several activities, the overall result is attributed to its primary activity. The same principle applies for entrepreneurs.

Data are published on the level of section of activities and by size of enterprises and entrepreneurs, and they are shown as absolute amounts. Structures of results by section of activities are given as percentages.

Annual release entitled "Basic structural indicators of business activities of enterprises" is available at the website of the Republika Srpska Institute of Statistics: www.rzs.rs.ba.