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MAPPING OF CULTURAL AND CREATIVE INDUSTRIES IN MONTENEGRO

Assessment of the economic contribution of the cultural and creative industries

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Podgorica, June 2019

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Abbreviations

AEM	Agency for Electronic Media
LFS	Labor Force Survey
GDP	Gross domestic product
GVA	Gross value added
CBMNE	Central bank of Montenegro
CICAP	Classification of Individual Consumption According to Purpose
DCMS	Department of Culture, Media and Sport, United Kingdom
EU	European Union
EUR	Euro
EUROSTAT	Statistical Office of the European Union
IEED	Institute for Entrepreneurship and Economic Development
ITRS	International transactions reporting system
CA	Classification of the activities
CCI	Cultural and creative industries
MONSTAT	Statistical Office of Montenegro
NOC	National Occupational Classification
RTMNE	Radio and Television of Montenegro
UNESCO	United Nations Educational, Scientific and Cultural Organization

1 INTRODUCTION

Mapping of the cultural and creative industries in Montenegro is part of the activities of the project 'Cultural and Creative Industries as a Sustainable Economic Sector in Montenegro', supported by the UNESCO International Fund for Cultural Diversity, implemented by the Institute for Entrepreneurship and Economic Development (IPER). The aim of the project is to support the development of the Cultural and Creative Industries (CCI) in Montenegro through: mapping the CCI in Montenegro and identifying their potential to strengthen local and regional development, identifying and promoting successful entrepreneurship stories in the CCI to gather lessons learned and establish a general and strategic framework for their further development, encouraging the development of entrepreneurial skills in the sector and raising awareness of the CCI potential for social and economic development in Montenegro.

The cultural and creative industries in Montenegro are in a nascent phase but they are recognized as potential, aimed at generating income or profits and creating jobs, which contributes to sustainable development at local and national level. The mapping process should serve as a basis for measuring the development of the cultural and creative industries in the coming period.

The cultural and creative industries are one of the fastest growing sectors and are major drivers of developing economies in developed countries, representing a significant source of income and employment. In addition to the economic benefits of the cultural and creative industries, they contribute to human, inclusive and sustainable development.

According to a study by Ernst & Young (2015), the cultural and creative industries account for 3% of gross domestic product (GDP) and employ a workforce of 7.7 million people in the new Europe.¹

The cultural and creative industries have been undergoing a very dynamic

¹ *Cultural times, The first global map of cultural and creative industries*, Ernst & Young Global Limited, International Confederation of Authors and Composers Societies (CISAC), Paris, 2015; 14-18.

development since the middle of the last century, accompanied by numerous changes. As stated in *the Feasibility Study on the collection and analysis of data in the EU cultural and creative sectors* ‘... significant efforts have been made at European level over the last twenty years to improve the statistics of the cultural and creative sectors. However, there is still no systematic way to fully understand the value of CCIs and their contribution to the economy.’²

For the purposes of this research, when defining the CCI, we started from two major definitions: the UNESCO definition of the cultural and creative industries and the definitions of the creative industries of the DCMS - Department of Culture, Media and Sport, the United Kingdom which formed the basis for the development of the largest number of CCI methodologies. UNESCO defines the cultural and creative industries as ‘an organized activity sector whose purpose is to produce or reproduce, promote, distribute and / or commercialize cultural goods, services or activities, of a cultural, artistic or heritage nature’³. According to the British Model (DCMS), the creative industries are ‘industries that are based on individual creativity, skill and talent and which, by creating and using intellectual property, have the potential to create wealth and employment.’⁴ As the definitions do not provide a clear insight into the content of the cultural and creative industries, they are further defined by defining sectors and activities.

The biggest changes in the CCI have been recorded in the last ten years, so it is precisely the international and regional experience of the countries of the region that has been used in the methodological approach and mapping of the cultural and creative industries in Montenegro.

Starting from the *Cultural Development Program 2016-2020*, as an official document of the Ministry of Culture of Montenegro identifying the areas of creative industry, and a comprehensive analysis of the international experience in mapping the CCIs, sectors and activities were defined, followed by an assessment of the economic effects of the CCIs in Montenegro.

2 *Feasibility study on data collection and analysis in the cultural and creative sectors in the EU*, KEA, European Commission, Brussels, 2015, 4.

3 <http://www.unesco.org/new/en/santiago/culture/creative-industries/> (Accessed 10/09/2018).

4 I.R. Bakaric, K. Bacic, Lj. Bozic, *Mapping the Creative and Cultural Industries in the Republic of Croatia*, Economic Institute, Zagreb, 2015, 40

The availability of statistics is largely determined by an activity-based approach that allows measuring the economic effects of the CCIs, such as employment and GDP participation.

It should be borne in mind that the cultural and creative industries are most susceptible to change, it is very difficult to classify them because they are interconnected with other sectors. In the future, there may be radical changes in the structure of the CCI, given the movement and the need to adapt to consumer needs. As stated in the clarification of the Statistical Office (MONSTAT) on the classification of activities 2010, classifications are not a static category but should be revised from time to time. As the economy and its structure change over time, new activities, services and products are gaining importance.

New technologies that create entirely new services and products have the greatest impact on changes in the economy, which is important in view of the broader context of the impact of these phenomena on the classification of activities within competent institutions.⁵ Against this background, a new division into sectors or additions to existing new activities within the CCI may very soon be required. New changes should be made in line with changes in the market and keep up with the times.

Considering that the CCIs are not recognized as a single sector, there is no single institutional and strategic framework governing this area, but the responsibilities for design and development are divided according to which particular activities they belong to. The foregoing points to the need for cross-sectoral cooperation in the cultural and creative industries.

Mapping the cultural and creative industries in Montenegro is a venture whose end result should only serve as a starting point for decision makers to develop creative industries in the coming period.

2 METHODOLOGY

The methodology for the CCI mapping is based on international mapping experiences while respecting the specificities of Montenegro. The basic task and challenge was to choose how to group, ie. define the CCI sectors in Montenegro and which activities within the sector should be covered, with all the constraints observed during the mapping process. In defining the sector, the aim was to group related activities that would at the same time provide a sufficiently detailed basis for devising various support for the development of the sector, taking into account the specificities of each, as well as measuring the effects of support.

In the Cultural Development Program of Montenegro, the creative industries are defined as ‘activities in the field of culture, aimed at generating income or profits, inclusion in the business sector, ie economies, contributing to sustainable development at local and national level’ and are recognized in the areas of: ‘architecture, artistic crafts, design, photography, fashion and other applied arts, festivals and events, digital arts and new technologies in culture, audiovisual, music and performing arts, publishing and literature and the visual arts.’ Also, ‘in terms of cultural heritage, the protection and preservation of traditional crafts and skills represent a potential resource and development category for the future design of small and medium-sized enterprises and family businesses.’⁶

The survey *Culture Impact Indicators for Montenegro 2015*, supported by UNESCO, is an initial step in assessing the contribution of the CCA and demonstrates the role that culture plays as a facilitator and driver of sustainable development through the analysis of seven dimensions such as: economy, education, governance, social inclusion, gender equality, communication and cultural heritage. Economic contribution is shown through: participation of cultural activities in gross domestic product, employment in the field of culture and household expenditure on culture.

As part of the note when calculating the contribution of culture to the GDP of Montenegro, it is emphasized that it is necessary to improve the data at the national level and to classify activities at the four-digit

⁶ *Cultural Development Program 2016-2020*, Ministry of Culture of Montenegro, Cetinje, 2016, 22.

classification level, bearing in mind that the statistics are available only on the two-digit new and that as such do not represent a precise basis to evaluate the contribution of culture. In this way, certain activities were not covered, which ultimately led to a possible underestimation of the sector's contribution. Also, in terms of employment, it was stated that it is necessary to improve statistics in order to ensure classification by the basic socio-economic characteristics of employees⁷.

International literature provides a wide range of approaches to mapping the cultural and creative industries, which differ in definition and scope. For the purpose of mapping the CCI in Montenegro, a review and analysis of recent literature have been carried out, which also contain a detailed overview of the development of the cultural and creative industries, as well as an overview of different models and their specificities. Particularly significant was the experience of mapping CCIs from surrounding countries (Croatia and Serbia), which, despite their differences, are culturally most similar to Montenegro. The analysis that preceded the CCI mapping in Montenegro covered the following documents:

- *The economy of culture in Europe*, KEA, Directorate-General for Education and Culture, European Commission, Brussels, 2006;
- S. Jovicic, H. Mikic, *Creative Industries in Serbia*, British Council Serbia and Montenegro, Belgrade, 2006;
- *The 2009 UNESCO Framework for Cultural Statistics (FCS)*, Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UIS), Montreal, 2010;
- V.Kisic, *Cultural and Creative Industries in Europe*, Culture: Cultural Policy, vol 130, Institute for the Study of Cultural Development, Belgrade, 2011, 199-225;
- *Measuring cultural participation*, 2009 UNESCO Framework for Cultural Statistics Handbook No. 2, Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UIS), Montreal, 2012;
- *ESSnet - culture, European Statistical System Network on Culture*, Ministry of Culture Finances and cultural statistics department (CoStaC), Luxembourg (LU), 2012;
- *Creating growth, Measuring cultural and creative markets in the EU*, Ernst & Young Global Limited, European Grouping of Societies of Authors and Composers (GESAC), Paris, 2014;

⁷ Compare: *Culture for Development Indicators – CDIS*, National Commission for UNESCO Montenegro, Cetinje, 2015, 5-9

- *Cultural times, The first global map of cultural and creative industries*, Ernst & Young Global Limited, International Confederation of Authors and Composers Societies (CISAC), Paris, 2015;
- *Mapping of creative and cultural industries in the Republic of Croatia*, Economic Institute, Zagreb, 2015;
- *Feasibility study on data collection and analysis in the cultural and creative sectors in the EU*, KEA, European Commission, Brussels, 2015;
- *Culture for Development Indicators – CDIS*, National Commission for UNESCO Montenegro, Cetinje, 2015;
- *Cultural Development Program 2016-2020*, Ministry of Culture of Montenegro, Cetinje, 2016.
- H. Mikic, *Creative Entrepreneurship: Theory and Practice*, Foundation Group for Creative Economy, Belgrade, 2017

Based on the analysis of documents and available statistics, an activity-based approach was selected. An activity-based approach allows for the measuring of economic effects of CCIs, such as employment and participation in GDP.

The explanation provided by the Statistical Office of Montenegro state that the application of the ‘2010 classification of activities, which is substantially and structurally fully in line with the NACE Rev. 2 classification,’ it is to provide the production and publication of statistical data by economic activities as well as international comparability of statistical data⁸. For the purposes of mapping and assessment of effects, data at the lowest level were used, ie. groups (indicated by a four-digit number) to achieve the most reliable estimate at a given time.

The activity-based approach has a limited reach because it leads in one part to an overestimation of the CCI contribution to employment, as it covers all employees in the CCIs activities, regardless of whether the employees are involved in the production of creative content, while on the other hand, it underestimates the number of employees involved in producing creative content outside of CCI.

In addition to the aforementioned approach, an occupational approach is used in mapping, in which the focus is on creative occupations rather than

⁸ <https://www.monstat.org/cg/page.php?id=107&pageid=107> (Accessed: September, 10, 2018).

employment in sectors, as well as an approach based on a combination of industries and occupations.

Mapping ie. assessment of the economic effects of the cultural and creative industries in Montenegro includes:

- Estimation of CCI economic contribution in the form of gross value added (GVA) in relation to the GVA of Montenegro;
- an assessment of the CCIs contribution to employment and the participation of cultural and creative occupations in total employment;
- estimation of the number of business entities (legal entities and entrepreneurs) in the CCI;
- an estimate of the total revenues generated by the CCI and the share of total revenues at the level of Montenegro;
- assessment of foreign trade in cultural services;
- estimating household spending on culture and related activities;
- an estimate of expenditure on cultural activities in the budget.

For the purposes of mapping and assessing the economic contribution of CCI, in addition to the official data of the Statistical Office, the Tax Administration, the Ministry of Finance, the Central Bank of Montenegro, and alternative sources of data were used, mainly on the basis of consultations such as registers of craftsmen, independent artists and independent experts in culture, etc.

3 CULTURAL AND CREATIVE INDUSTRIES IN MONTENEGRO

Starting from the *Cultural Development Program 2016-2020*, as an official document of the Ministry of Culture of Montenegro identifying areas of creative industry, and based on the analysis of international experience in CCI mapping and consultation, 11 sectors and 40 activities belonging to CCI based on CD 2010 were identified⁹. Below are the sectors with related activities, ie. groups (indicated by a four-digit number) from which the economic effects were subsequently estimated (Table 1).



MUSEUMS, LIBRARIES AND HERITAGE



MUSIC, VISUAL AND PERFORMING ARTS



DESIGN



FILM



PHOTOGRAPHY



ARCHITECTURE



COMPUTER PROGRAMS AND GAMES



ELECTRONIC MEDIA



PUBLISHING



ADVERTISING AND MARKET COMMUNICATIONS



ARTISTIC AND TRADITIONAL CRAFTS

⁹ *Law on Classification of Activities* ('Official Gazette of Montenegro', no. 18/11).

In addition to recognized activities, artistic and traditional crafts appear within the various activity classification groups, so it is not possible to accurately include them in any of the previously mentioned activity groups.

The Law on Crafts ¹⁰ defines the concept of craft activity, regulates the conditions for performing craft activity, the manner of registration of craft activities and other important issues related to this. The types of crafts are defined by the *Decision on the Establishment of Crafts, craft-like activities and a list of simple and complex occupations*¹¹ within which 98 crafts have been identified, 36 of which belong to artistic and traditional crafts. Recognized artistic and traditional crafts are: barrel, carpenter and woodcarver, engraver, glass engraver, lampshade maker, boat and sailboat maker, basket maker, mask and doll maker, musical instrument maker, folk costume maker, souvenir maker and maker hat, jeweler, ceramicist, piano player, bookbinder, basket and wickerwork, blacksmith, tailor, furrier and / or tanner, modeler, mosaicist, knitter, gilder, shoe maker, ceramic art maker, icon and fresco painter, painter glass and porcelain, carpenter, purse maker, artistic foundry, embroiderer, sculptor, stained glass, jeweler.¹²

Table 1: Creative and cultural industries – sectors and activities

SECTORS	CA 2010	Activity name
Museums, libraries and heritage	9101	Library and archives activities
	9102	Museum activity
	9103	Maintenance of historical sites, buildings and similar tourist monuments
Music, visual and performing arts	9003	Artistic creation
	9004	The work of art institutions
	8552	Art education
	1820	Duplication of recorded tracks
	5920	Recording and publishing of sound recordings and music
	4763	Retail sale of music and video in specialized stores
	9001	Performing Arts
	9002	Auxiliary Activities within performing arts
Design	7410	Specialized design activities

10 Law on Crafts ('Official Gazette of Montenegro', No. 54 / 09,64 / 09, 40/11 as of August, 08, 2011).

11 *Decision on the Establishment of Crafts, Activities Similar to the Craft and List of Simple and Complex Occupations* ('Official Gazette of Montenegro', No. 63/10 of November, 5, 2010).

12 terms used in this text for male occupations imply the same terms in the feminine gender

Movie	5911	Production of movies, videos and television programs
	5912	Activities followed by the production of movies, videos and television programs
	5913	Distribution of movies, videos and television programs
	5914	Activity of showing movies
	7722	Rental of video cassettes and compact discs
Photography	7420	Photographic activities
Architecture	7111	Architectural activity
Computer programs and games	5821	Publishing of computer games
	6201	Computer programming
Electronic media	6010	Broadcasting of radio programs
	6020	Production and broadcasting of television programs
	6312	Web site services (web portal)
Publishing	5811	Publishing of books
	5813	Publishing of newspapers
	5814	Publishing of journals and periodicals
	5819	Other publishing
	6391	Activities of news agencies
	7430	Translation and interpreting services
Advertising and marketing communications	4761	Retail sale of books in specialized stores
	7021	Communication and public relations activities
	7311	Advertising agencies
Artistic and traditional crafts	7312	Media presentation
	1512	Production of travel and handbags, leather products and belts
	1629	Production of other products of wood, cork, straw and sticks
	2341	Production of ceramic household and decorative objects
	2349	Production of other ceramic products
	3212	Production of jewelry and related articles
3213	Production of imitation jewelry and related articles	

Identification of the number of business entities engaged in craft activities, on the basis of the Register of Craftsmen and recognized crafts belonging to artistic and traditional crafts, was not possible due to the fact that the

register was not updated as a result of organizational changes of the Chamber of Crafts.¹³ Based on the consultation with the representatives of the PI Chamber of Crafts, it is expected that in the forthcoming period it will be possible to establish work in full capacity and update the register, which will enable the mapping and estimation of the number of business entities engaged in craft activity.

In addition to defining the CCI sector and activity, the mapping process identified cultural and creative occupations based on the Standard Occupational Classification¹⁴ used to monitor labor market trends. When defining, the lowest level data was used, ie. groups (indicated by a four-digit number). The mapping identified 57 groups according to the National Occupational Classification 2011 that belong to the cultural and creative professions, which are shown below by sectors of the CCI.

Table 2: Cultural and creative professions - sectors and professions

SECTORS	NOC 2011	Activity name
Museums, galleries and libraries	2621	Archivists, curators and conservators - restorers
	2622	Librarians, documentalists and related professionals
	3433	Gallery, library, museum, archive associates and associates of other cultural heritage institutions
	4411	Officers in libraries
Music, visual and performing arts	2355	Other Art Teachers (Out of Regular Education)
	2651	Artists (painters and sculptors)
	2655	Actors
	2653	Dancers and choreographers
	2659	Artists - creators and performers who are not classified elsewhere
	3435	Stage collaborators, musicians, actors and related stage collaborators
	2354	Other music teachers (outside of regular schooling)
	2652	Musicians - instrumentalists, singers and composers
Design	2163	Product designers and creators
	2166	Graphic and multimedia designers
	3432	Interior designers and decorators

¹³ Last checked September, 05, 2019

¹⁴ Standard Occupational Classification ('Official Gazette of Montenegro', No. 10/2011 as of February, 11, 2011)

SECTORS	NOC 2011	Activity name
Movie	2654	Film, theater and related directors and producers
	2659	Artists - creators and performers who are not classified elsewhere
Photography	3431	Photographers
Architecture	2161	Architects
	2162	Architects for interior decorating
	2164	Urban and traffic planners
	3112	Professional associates and technicians in construction
Computer programs, games and new media	2511	System analysts
	2512	Software development experts
	2513	Web and multimedia development experts
	2514	Application developers
	2519	Software and application development experts and analysts, who are not classified elsewhere
Electronic Media - (tv, video, radio)	2656	Speakers on radio, television and other media
	2657	Recorders and operators of audio-visual equipment
	2642	Journalists
	3521	Expert associates and technicians of broadcasting and audio-visual techniques
	3522	Telecommunication technicians and professionals
Publishing	2641	Writers and related writers
	2642	Journalists
	2643	Translators, interpreters and other linguists
Advertising and marketing communications	1221	Sales and marketing executives / directors
	1222	Public Relations Executives / Directors
	2431	Marketing experts
	2432	PR experts

SECTORS	NOC 2011	Activity name
Crafts (artistic and traditional)	7221	Blacksmiths and metal cutters
	7318	Manufacturers and processors of textiles, leather and similar materials with hand tools
	7314	Pottery and related occupations
	7312	Musical instrument makers and tuners
	7313	Jewelers and manufacturers of jewelers
	7315	Glass makers and processors
	7316	Writers, decorators and engravers
	7317	Wood and other natural materials hand-tool operators
	7319	Artisanal craftsmen with hand tools who are not classified elsewhere
	7521	Woodwork occupations
	7522	Carpenters and related occupations
	7531	Tailors, furriers and hats makers
	7532	Clothing designers and related occupations
	7533	Sewing, embroidery and related occupations
	7536	Shoes and leather products makers and related occupations
	8152	Operators of weaving and knitting machines
	8153	Sewing machine operators
	8155	Operators of machines for the preparation and treatment of fur and leather
	8156	Operators of footwear making machines
8159	Operators of textile, leather and fur machinery and related occupations, who are not classified elsewhere	

The updating of the list of cultural and creative professions and activities should be continued in line with changes in classifications, as it was not possible at first to cover everything. In this regard, the contribution of institutions and individuals from the fields of cultural and creative industries is expected.

In the process of mapping and evaluating basic indicators, certain circumstances have affected the accuracy of the data primarily due to the registration of the activities of economic entities. An insight into the Central Register of Business Entities¹⁵ reveals companies registered with

their main activity, which is not actually their primary activity but is active in another activity.

Also, one of the limiting factors is the fact that part of the economic entities did not change the registration data regarding the activities during the change of the official CA 1998 to the 2010 CA. Assessing the contributions of individual sectors.

These limitations can be overcome by occasionally conducting specialized, methodologically sound research on the sample, where the extrapolation of the results obtained could characterize the sectors individually, but also the CCI as a whole. Limitations in the valuation are also undertakings carrying out a number of different activities, but registered under one, which certainly influences the assessment of the contributions of individual sectors. These limitations can be overcome by occasionally conducting specialized, methodologically sound research on the sample, where the extrapolation of the obtained results could characterize the sectors individually, but also the CCI as a whole.

Experiences in the mapping process point to certain institutional shortcomings in terms of availability and precision of data, which should be overcome by strengthening the capacities of the Chamber of Crafts, as well as improving statistics at lower levels when it comes to the Statistical Office of Montenegro. The survey revealed that there are a large number of persons engaged in activities within the CCI sector, but which are not officially registered, especially in the field of arts and traditional crafts. These types of activities for a significant number of people represent additional work.

It should be noted that the mapping does not cover non-governmental organizations in the field of culture, although their contribution directly affects employment or promotion of culture and cultural content that have a broader impact, such as development of cultural tourism.

4 INDICATORS OF THE CONTRIBUTION OF CULTURAL AND CREATIVE INDUSTRIES

4.1 Gross value added

For assessment of the gross value added, the Tax Administration data on profit and loss account for economic entities belonging to the CCI activities were used. In the calculation, an income approach was used, where GVA represents the sum of gross earnings of employees and results from ordinary activities before tax. The revenue approach implies that the consumption of fixed capital is transformed into newly created value. The GVA calculation of the cultural and creative industries covered 10 sectors and 33 activities belonging to the CCI. The artistic and traditional crafts sector is not included in the GVA calculation because within the recognized activities it was not possible to classify enterprises that meet the conditions prescribed by the Law on Crafts.

According to the budget, the gross value added of the CCI industry in 2017 was EUR 53 million, representing 1.5% of the gross value added at the level of Montenegro.¹⁶ Comparative data shows that as the economy grows, GVA in CCI grows, but that the relative share of CCI remains the same.

Table 3: Gross value added of CCI

	2014	2015	2016	2017
GVA CCI	38.239.222	48.494.291	48.932.698	53.590.085
GVA MNE	2.799.455.000	3.022.004.000	3.270.989.000	3.518.560.000
Participation of GVA CCI in GVA MNE (%)	1,4	1,6	1,5	1,5

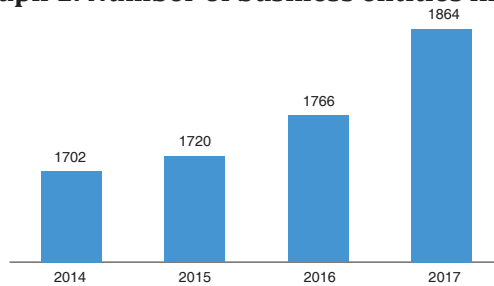
Source: Budget based on data from the Tax Administration, CBM, MONSTAT and IPER calculation

¹⁶ It is common for individual items that make GVA to be compared to GVA, and this makes a real contribution from an industry, because it is not possible or difficult to split taxes minus subsidies into individual product sectors to compare it with GDP. For example, The Ministry of Finance uses the comparison with GVA when commenting on the production approach in the Economic Reform Program in dialogue with the EC (European Commission).

4.2 Business entities

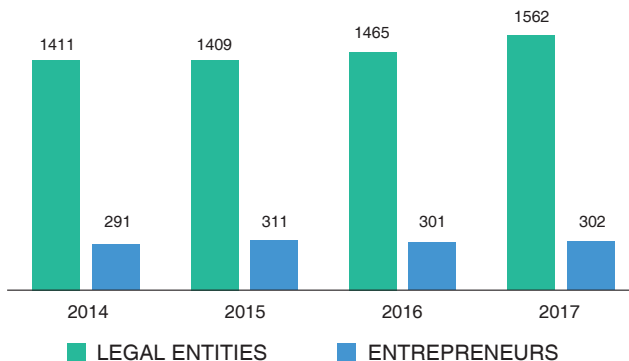
Data on business entities were obtained on the basis of data from the Tax Administration by activities by activity classification CA 2010. Data on business entities include legal entities and entrepreneurs. According to the collected data, the total number of business entities in CCI in 2017 amounted to 1.864, which represents 3,5% of the total number of registered at the level of Montenegro. The data indicate a constant increase in the number of entities in the 2014-2017 period, primarily by legal entities. However, despite the growth, especially in 2017, there has been no increase in the share of CCI business entities relative to the total number of business entities in Montenegro.

Graph 1: Number of business entities in CCI



Source: Calculation based on data from the Tax Administration

Graph 2: Number of legal entities and entrepreneurs in CCI



Source: Calculation based on data from the Tax Administration

The CCI companies in Montenegro are most numerous in the following sectors: advertising and communication; publishing; computer programs and games and the music, visual and performing arts sectors. Looking at the form of organization, it can be seen that the concentration of companies is the highest in the areas where the highest income is generated and the need for labor engagement is higher, as opposed to the entrepreneurs who appear most often in industries where creativity and independence are required in work. Legal entities as a form of organization occur most often in the following sectors: advertising and marketing communications, publishing and computer programs and games, while entrepreneurs are most represented in the sectors: music, visual and performing arts; artistic and traditional crafts and photography.

The growth of the number of business entities in the 2014-2017 period did not significantly affect the change in the very structure of business entities in the CCI.

Table 4: Number of business entities in CCI by sectors

	2014	2015	2016	2017	Participation 2017
Museums, libraries and heritage	46	46	47	48	2,6%
Music, visual and performing arts	191	213	213	221	11,9%
Design	60	74	86	104	5,6%
Movie	120	144	139	150	8,0%
Photography	84	96	94	104	5,6%
Architecture	111	121	125	137	7,3%
Computer programs and games	202	230	247	252	13,5%
Electronic media	107	114	114	125	6,7%
Publishing	234	228	227	236	12,7%
Advertising and marketing communications (Integrated Marketing Communications)	361	273	293	306	16,4%
Artistic and traditional crafts *	186	181	181	181	9,7%
CCI	1702	1720	1766	1864	100,0%
% CCI	3,6%	3,4%	3,4%	3,5%	-
Business entities in Montenegro	47727	50088	51799	53900	-

Source: Calculation based on data from the Tax Administration

4.3 Employment

The estimate of the number of employees included the estimation of the number of employees in the cultural and creative professions and the estimation of the employees in the field of cultural and creative industries using different sources of data and method of calculation.

The estimate of employees in the cultural and creative professions is based on data from the Labor Force Survey conducted by the Statistical Office for 2017, which is also the only available source for this estimate. Based on the previously defined list of occupations by occupational groups according to the NOC 2011, the estimated number of employees was 10.2 thousand in 2017, which represents 4.4% of the total number of employees at the level of Montenegro.

Table 5: Number of employees engaged in cultural and creative occupations and participation in the total number of employees

	Employees (in thousand)	Participation
Cultural and creative professions	10,2	4,4%
Other occupations	219,1	95,6%
Total number of employees	229,3	100,0%

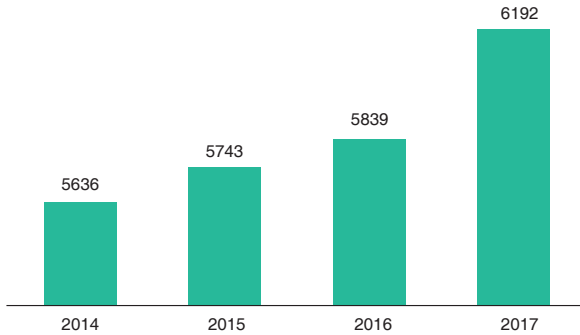
Source: Calculation based on ARS 2017 - Monstat

On the basis of the questionnaire of the Labor Force Survey, the verification of data on socio-economic characteristics of employees in cultural and creative professions (such as gender, age, education, employment status and type of contract duration) was initiated.

After verification, it was found that data estimates could only be obtained for the number and participation of cultural and creative occupations in the total number of employees. Assessment of the structure of cultural and creative occupations was not possible, because the existing sample does not provide a reliable basis for estimating the number, or structure, by basic socio-economic characteristics of those employed in cultural and creative occupations. Estimation of the number of employees in CCI is based on the administrative data of the Tax Administration, which includes all employees in registered business entities (legal entities and entrepreneurs) in recognized activities according to CA 2010. According to the data obtained, the total number of employees in CCI in 2017 was 6,192 persons, representing 3.2% of the total number of employees at the

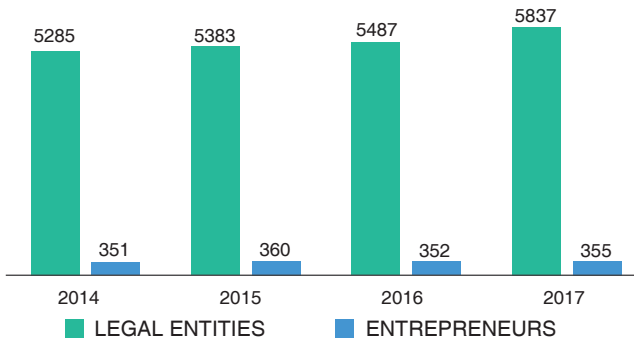
level of Montenegro. Data indicates a constant increase in the number of employees, with employees in legal entities accounting for over 94% of the total number of employees in the CCI.

Graph 3: Number of employees in CCI



Source: Calculation based on Tax Administration data

Graph 4: Number of employees by type of organization of business entities in CCI



Source: Calculation based on Tax Administration data

The largest number of persons in CCI are employed in the following sectors: electronic media; music, visual and performing arts; publishing and museums, libraries and heritage. It should be borne in mind that the crafts do not cover all due to the limitations already mentioned in the methodological part, and that there are possibilities within the recognized activities to include enterprises that do not meet the conditions prescribed by the Law on Crafts.

Table 6: Number of employees in CCIs by sector

	2014	2015	2016	2017	Participation 2017
Museums, libraries and heritage	774	780	781	860	13,9%
Music, visual and performing arts	879	889	924	920	14,9%
Design	77	98	113	141	2,3%
Movie	215	227	237	270	4,4%
Photography	147	152	146	164	2,6%
Architecture	301	335	350	374	6,0%
Computer programs and games	419	488	529	621	10,0%
Electronic media	1383	1334	1327	1342	21,7%
Publishing	712	752	733	763	12,3%
Advertising and marketing communications (Integrated Marketing Communications)	406	369	384	421	6,8%
Artistic and traditional crafts *	323	319	315	316	5,1%
Employees in CCI	5636	5743	5839	6192	100,0%
% employees in CCI	3,2%	3,2%	3,2%	3,2%	-
Employees Montenegro	176892	178785	184441	194601	-

Source: Calculation based on Tax Administration data

In addition, in accordance with the Law on Culture¹⁷, cultural activities may be performed by natural persons for the purpose of generating income without employment, in accordance with the provisions of the said Law as independent artists and cultural experts, who are entered in the Register of Independent Artists and Independent Experts in culture. In 2017, a total of 106 independent artists were recorded in the fields of music, fine arts, literature and, sculpture, etc.

Table 7: Independent artists and cultural experts

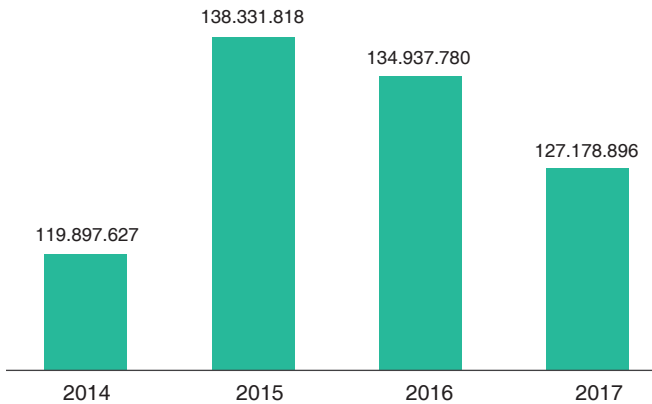
	2014	2015	2016	2017
Freelance artists and experts	85	95	99	106

Source: Ministry of Culture

4.4 Revenue

The revenues of business entities are calculated on the basis of data from the Tax Administration as a cumulative sum of total revenues of legal entities and entrepreneurs who are obliged to submit reports. The calculation of total revenues does not include businesses that are flat-rate taxed, so the data largely reflect the income of legal entities. The revenue data of entrepreneurs are only partially available for the photography, craft (artistic and traditional), publishing and computer programs and games sectors. CCI's total revenues in 2017 amounted to EUR 127.2 million and accounted for only 1.4% of Montenegro's business entities. After the initial growth achieved in 2015, total CCI revenues recorded a significant decline.

Graph 5: Total revenue in CCI



Source: Calculation based on Tax Administration data

The CCI sectors, where the highest revenue is generated, are: publishing, advertising and marketing communications, electronic media and computer programs and games.

Table 8: Total revenue in CCI by sectors

	2014	2015	2016	2017	Participation 2017
Museums, libraries and heritage	1.715.574	2.318.805	3.259.220	3.620.182	2,8%
Music, visual and performing arts	4.028.294	5.858.139	7.610.602	9.177.943	7,2%
Design	1.757.279	1.988.556	2.134.985	1.904.452	1,5%
Movie	2.718.099	4.854.154	5.679.583	4.982.985	3,9%
Photography	563.670	593.769	833.664	939.269	0,7%
Architecture	8.337.436	10.121.163	9.446.795	12.314.226	9,7%
Computer programs and games	15.591.261	16.492.426	20.023.387	20.490.359	16,1%
Electronic media	21.651.853	24.734.392	24.028.074	23.161.509	18,2%
Publishing	16.803.646	19.964.078	22.436.469	20.247.941	15,9%
Advertising and Marketing Communications (Integrated Marketing Communications)	42.895.362	45.363.486	33.576.299	24.043.404	18,9%
Artistic and traditional crafts *	3.835.153	6.042.850	5.908.702	6.296.628	5,0%
Revenue CCI	119.897.627	138.331.818	134.937.780	127.178.898	100,0%
% revenue CCI	1,7%	1,9%	1,7%	1,4%	-
Total revenue Montenegro	6.984.430.979	7.346.487.501	7.996.080.081	9.109.395.988	-

Source: Calculation based on Tax Administration data

4.5 Balance of Payments for Cultural Services (Import and Export)

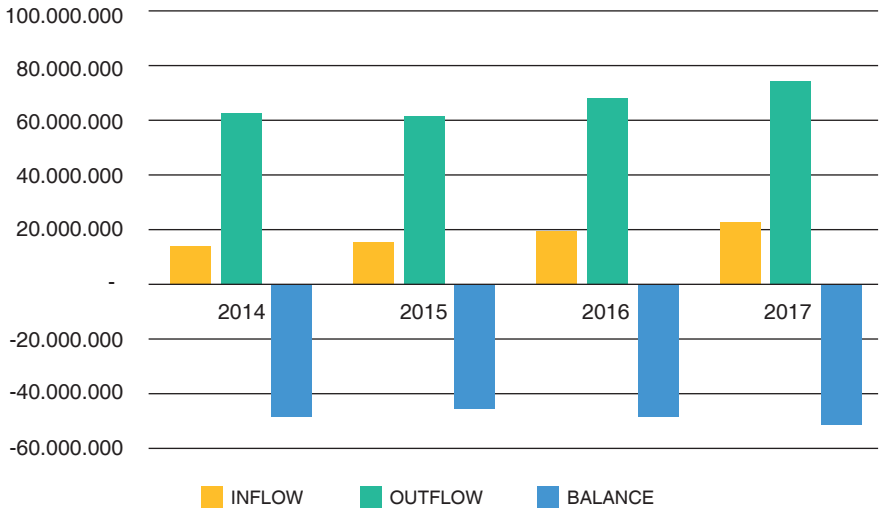
External trade data on cultural services rely on the methodological solutions of the *UNESCO Cultural Statistics Framework*¹⁸. Considering the specifics and scope of the CCI in Montenegro, the following are recognized: services, equipment and supporting material for the cultural field. Based on Foreign Payment Transactions - CBM, the inflows and outflows are presented by the current account balances related to the cultural and creative industries.

The current account of the balance of payments of cultural services shows a continuous deficit in the period 2014-2017 with a trend of inflow and

18 See: *The 2009 UNESCO Framework for Cultural Statistics (FCS)*, Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UIS), Montreal, 2010, 38-39.

outflow growth, showing the growing potential of the area in the field of cultural and creative services.

Graph 6: Current account balance for cultural services 2014 -2017



Source: Foreign Payment Transactions - CBM

Inflows into the account of CCI services accounted for 1.3% of total services exports in 2014, and in 2017 their share would increase to 1.7%. Expenditures on CCI services accounted for 18.6% of the total outflow in the services account in 2014, but their share declined to 14.1% in 2017.

Total revenue in 2017 was EUR 22.8 million, with computer services and architectural services accounting for the largest share. In addition, the most significant export services are audiovisual and cultural heritage services.

Table 9: Current account balance for cultural services

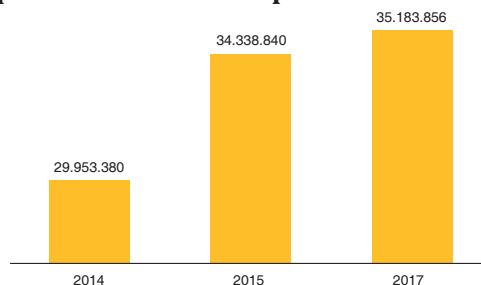
	2014	2015	2016	2017
INFLOW				
Licenses	848.999,72	685.926,74	498.855,07	450.869,83
News agency services	51.442,86	32.750,62	30.831,70	20.593,58
Other information services	-	-	1.683,23	4.368,88
Market research and polling services	-	-	117.684,79	205.687,22
Architectural services	6.232.426,53	4.794.884,96	5.898.605,25	7.353.838,64
Audiovisual services	1.628.229,47	1.625.606,76	2.045.387,27	1.572.077,70
Services related to cultural heritage	296.344,82	353.964,58	212.930,57	1.429.337,50
Computer services	4.808.547,53	8.164.473,55	10.818.773,74	11.833.611,31
TOTAL INFLOW	13.865.990,93	15.657.607,21	19.624.751,62	22.870.384,66
OUTFLOW				
Licenses	3.852.889,28	2.836.555,20	5.009.865,29	4.138.105,25
News agency services	1.089.770,44	556.633,54	240.002,65	83.909,40
Other information services	-	-	145.043,04	190.334,42
Market research and polling services	-	-	286.881,35	668.983,96
Architectural services	20.246.613,43	17.047.407,73	17.753.181,11	16.326.005,08
Audiovisual services	11.155.094,06	12.227.966,91	14.681.683,46	13.741.348,80
Services related to cultural heritage	2.371.221,87	1.989.920,95	2.547.314,72	3.396.064,71
Computer services	24.587.366,06	26.800.347,48	27.739.804,04	36.027.329,10
TOTAL OUTFLOW	63.302.955,14	61.458.831,81	68.403.775,66	74.572.080,72

Source: Foreign Payment Transactions - CBM

4.5 Household consumption

Household expenditure on culture and related activities was estimated on the basis of data from the Household Budget Survey conducted by the Statistical Office of Montenegro by Classification of individual consumption by purpose classification¹⁹. Household consumption surveys were conducted on an annual basis until 2015, after which the periodicity of the survey was changed, so that data will be available every three years in the following period. Expenditure on culture (identified products and services related to culture) in 2017 was 35.1 million, representing 2.3% of total expenditure on culture. Growth in household consumption has been accompanied by an increase in cultural expenditure, showing that with the rise in standards, cultural expenditure also grows.

¹⁹ See: Methodological Instruction: Household Budget Survey, Statistical Office of Montenegro, Podgorica, 2016

Graph 7: Households' expenditure on culture


Source: Calculation on the basis of the Household Budget Survey - Monstat

In 2017, the largest household expenditures for the area of culture related to four product groups: books, cultural services, newspapers and magazines, as well as equipment for the reception, recording and reproduction of sound and images. In 2014-2017, significant changes were observed in the structure of consumption by product / service groups.

Table 10: Household expenditure for culture by product groups on an annual basis

	2014	2015	2017
Reception, recording and reproduction equipment, sound and image	1.626.648	2.602.476	4.566.804
Photographic and film equipment and optical instruments	479.388	179.796	107.112
Data processing equipment	1.149.912	609.204	544.380
Image and sound recording media	138.696	323.880	105.024
Repair of audio-video, photographic and data processing equipment	96.264	277.260	68.484
Musical instruments and greater durable goods for indoor recreation	0	85.884	28.620
Services in culture	2.923.788	8.610.732	9.620.112
Books	14.562.012	13.096.056	11.418.744
News and magazines	8.669.064	8.424.708	8.480.472
Different printed material	246.612	128.844	63.828
Maintenance and repair of major durable goods for recreation and culture	60.996	0	180.276
Expenditures for culture	29.953.380	34.338.840	35.183.856
The share of expenditure on culture in personal consumption	2,2%	2,5%	2,3%
Personal consumption	1.388.198.820	1.360.665.792	1.535.336.664

Source: Calculation on the basis of the Household Budget Survey - Monstat

4.6 Expenditure on cultural activities in the budget

For estimation of appropriations for cultural activities in the state budget, data from the Ministry of Finance on the realization of the budget from the final accounts according to the functional classification were used. At the same time, the functional classification has been crossed with the economic one in order to distinguish and show certain specificities. The calculation is based on the EUROSTAT classification according to which expenditure on culture is considered as two subcategories within the category 08-Recreation of Culture and Entertainment, namely:

- 08.2 - Cultural activities
- 08.3 - Broadcasting and publishing activities

Total appropriations for cultural activities from the budget in 2017 amounted to EUR 27.1 million, or 1.5% of budget expenditures. Allocations for cultural activities have increased significantly. The data show the same relative level of cultural spending in budget expenditures as GVA CCI share. A significant portion of the cultural appropriation goes to RTMNE Public Service.

Table 11: Appropriations for cultural activities in the budget of Montenegro

	2014	2015	2016	2017
Cultural activities 082	9.750.412,08	10.243.536,25	11.627.836,02	13.363.956,56
Broadcasting and Publishing 083	2.240.602,83	15.042.599,25	13.899.640,11	13.797.285,22
of which other Transfers to Institutions (RTMNE and Koha Javore)		12.699.999,93	11.310.999,96	11.610.999,98
TOTAL	11.991.014,91	25.286.135,50	25.527.476,13	27.161.241,78
Budget Expenditure - Final Account	1.456.693.340,74	1.617.955.701,40	1.664.097.930,89	1.803.136.078,83
Share of cultural appropriations in budget expenditures (%)	0,8	1,6	1,5	1,5

Source: Ministry of Finance data on budgetary accounts and Treasury data

Data on the CCIs participation in local government budget expenditures are not available because functional classification reporting has not been established. According to information from the Directorate for Local Self-Government in the Ministry of Finance, it is planned that data by functional classification for local self-government will be available from 2020.

4.7 Profiles of the sector

4.7.1 Museums, Libraries and Heritage

Within the *Museums, Libraries and Heritage* sector, three activities have been identified in accordance with CA 2010:

- 9101 Library and archives activities
- 9102 Museum activity
- 9103 Maintenance of historical sites, buildings and similar tourist monuments

According to the data collected, the total number of businesses in the *museums, libraries and heritage* sector in 2017 was 48, representing 2.6% of the total number of businesses in the CCIs. Although this sector includes the fewest business entities, in 2017 it employed 860 people or 13.9% of the total number of employees in CCIs. The data indicates a slight increase in the number of entities and employees in this sector. The majority of businesses belong to the public sector. In 2017, the total revenues of this sector based on the Tax Administration's database were estimated at EUR 3.6 million. This sector has an important social and educational role, while its potential is reflected in supporting the development of cultural tourism.

Table 12: Businesses, Employees and Revenues in the Museums, Libraries and Heritage Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	42	43	45	46
ENTREPRENEURS	4	3	2	2
TOTAL	46	46	47	48
<i>Employees</i>				
LEGAL ENTITIES	770	777	779	858
ENTREPRENEURS	4	3	2	2
TOTAL	774	780	781	860
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	1.715.574	2.318.805	3.259.220	3.620.182

Source: Calculation based on Tax Administration data

The largest share in the structure of registered business entities in this sector is the activity of museums. At the same time, the activities of museums employed the largest number of people, with the activity of libraries and archives. In the last four years, there has been a noticeable increase in the number of employees in all sectors withing CCIs.

Table 13: Businesses, employees and revenues in the museums, libraries and heritage sector by industry 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Library and archives activities	13	15	16	16
Museum activity	26	24	24	25
Maintenance of historical sites, buildings and similar tourist monuments	7	7	7	7
<i>Employees</i>				
Library and archives activities	312	316	315	321
Museum activity	387	395	398	464
Maintenance of historical sites, buildings and similar tourist monuments	75	69	68	75

Source: Calculation based on Tax Administration data

4.7.1 Music, Visual and Performing Arts

Within the *Music, Visual and Performing Arts* sectors, eight activities have been identified in accordance with CA 2010, namely:

- 9003 Artistic creation
- 9004 The work of art institutions
- 8552 Art education
- 1820 Duplication of recorded tracks
- 5920 Recording and publishing of sound recordings and music
- 4763 Retail sale of music and video in specialized stores
- 9001 Performing Arts
- 9002 Activities auxiliary to performing arts

According to the data collected in 2017, 221 business entities were registered, representing 11.9% of the total number of business entities in CCI. Considering the form of organization, unlike others where one form of organization of legal entities dominates, there is a significant number of entrepreneurs within this sector or natural persons engaged in economic activity.

In 2017, this sector employed 920 people or 14.9% of the total number of employees of CCIs. In the last four years, there have been a slight increase in the number of businesses and the number of employees. The music, visual and performing arts sectors show significant potential, expressed through constant growth in total revenues, which has doubled over the past four years, reaching EUR 9.1 million or 7.2% of total revenue generated by CCIs.

Table 14: Businesses, Employees and Revenues in the Music, Visual and Performing Arts Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	112	123	121	128
ENTREPRENEURS	79	90	92	93
TOTAL	191	213	213	221
<i>Employees</i>				
LEGAL ENTITIES	792	794	825	820
ENTREPRENEURS	87	95	99	100
TOTAL	879	889	924	920
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	4.028.294	5.858.139	7.610.602	9.177.943

Source: Calculation based on Tax Administration data

In terms of business structure, the most significant activities are artistic

creation, recording and publishing of sound recordings and music and performing arts. These activities make up over 73% of business entities in the sector and at the same time employ and recruit a number of people. The art industry alone employs over 47% of people in the sector.

Table 15: Businesses, employees and revenues by activities in the music, visual and performing arts sectors 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Artistic creation	64	77	80	83
The work of art institutions	8	8	8	9
Art education	4	4	4	5
Duplication of recorded tracks	17	18	17	16
Recording and publishing of sound recordings and music	36	38	35	37
Retail sale of music and video in specialized stores	19	18	18	17
Performing Arts	34	37	38	42
Activities auxiliary to performing arts	9	13	13	12
<i>Employees</i>				
Artistic creation	425	430	449	438
The work of art institutions	164	170	175	174
Art education	74	73	74	79
Duplication of recorded tracks	17	14	18	16
Recording and publishing of sound recordings and music	81	77	74	76
Retail sale of music and video in specialized stores	18	17	17	16
Performing Arts	88	88	94	100
Activities auxiliary to performing arts	12	20	23	21

Source: Calculation based on Tax Administration data

4.7.2 Design

The *Design* sector is recognized through activity 7410 Specialized design activities in accordance with CA 2010.

The design sector covers several disciplines such as: product design, graphic design, and fashion design, etc. In this sector, 104 business entities were registered in 2017 or 5.6% of the total number of business entities in CCI, the largest number being registered in the form of legal entities. In the last four years, there has been a rapid increase in interest in this form of creative industry, as indicated by the 73% growth in the number of businesses in this sector. Along with the growth in the number of businesses, there was also an increase in the number of employees. According to the data collected by the Tax Administration, 141 people or 5.6% of employees were employed in the design sector in 2017. The very nature of multidisciplinary design provides opportunities for other related professions and profiles to engage in design activities. Total revenue generated in this sector in 2017 is estimated at EUR 1.9 million. After significant growth recorded in 2014-2016, in 2017 the total revenues of this sector recorded a decline.

Table 16: Businesses, Employees and Revenues in the Design Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	41	55	68	86
ENTREPRENEURS	19	19	18	18
TOTAL	60	74	86	104
Employees				
LEGAL ENTITIES	58	79	95	123
ENTREPRENEURS	19	19	18	18
TOTAL	77	98	113	141
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	1.757.279	1.988.556	2.134.985	1.904.452

Source: Calculation based on Tax Administration data

4.7.3 Film

Within the *Film* sector, five activities have been identified in accordance with CA 2010, namely:

- 5911 Production of films, videos and television programs
- 5912 Activities followed by the production of films, videos and television programs
- 5913 Distribution of films, videos and television programs
- 5914 Activity of showing films
- 7722 Rental of video cassettes and compact discs

According to the collected data, in 2017 there were 150 business entities registered in the film sector, which represents 8% of the total number of business entities in CCIs, while in the same period this sector employed 270 persons or 4.4% of employees in CCIs. In the period 2014-2017, there was a constant increase in the number of businesses and employees, mainly due to developments in the production of films, videos and television programs. In 2017, the total revenue of this sector based on the Tax Administration database was estimated at EUR 4.9 million or 3.9% of total revenue generated in the CCI area.

Table 17: Businesses, Employees and Revenues in the Film Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	102	125	120	130
ENTREPRENEURS	18	19	19	20
TOTAL	120	144	139	150
<i>Employees</i>				
LEGAL ENTITIES	197	208	218	250
ENTREPRENEURS	18	19	19	20
TOTAL	215	227	237	270
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	2.718.099	4.854.154	5.679.583	4.982.985

The largest number of businesses is present in the production of films, videos and television programs. At the same time, these activities recorded the highest growth in the period 2014-2017. When it comes

to employment, the largest number of employees is recorded in the film screening industry with the activity related to the production of films, videos and television programs.

Table 18: Businesses, employees and revenues by activities in the film sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Production of films, videos and television programs	65	80	85	97
Activities followed by the production of films, videos and television programs	14	14	13	11
Distribution of films, videos and television programs	27	27	25	25
Activity of showing films	10	20	14	15
Rental of video cassettes and compact discs	4	3	2	2
<i>Emoloyees</i>				
Production of films, videos and television programs	68	74	88	104
Activities followed by the production of films, videos and television programs	12	12	10	10
Distribution of films, videos and television programs	25	25	23	24
Activity of showing films	102	114	113	129
Rental of video cassettes and compact discs	8	2	3	3

Source: Calculation based on Tax Administration data

4.7.4 Photography

The *Photography* sector has been recognized through activity 7420 Photographic activities in accordance with CA 2010.

The photography sector has recorded a steady increase in both the number of businesses and the number of employees. In this sector, 104 business entities were registered in 2017 or 5.6% of the total number of registered business entities in the CCIs. It is characteristic for this sector that almost the same number of business entities are registered in the form of legal entities and entrepreneurs. The growth in the number of employees is also conditioned by the increase in the number of business entities.

The photography business usually employs a couple of people, and often only one employee. During the mapping process, it was observed that the photography business is often an activity associated with design services. According to the Tax Administration, in 2017, the photography sector employed 164 people or 2.6% of employees. Total revenues in this sector in 2017 are estimated at EUR 0.9 million and show constant growth. The budget does not cover the revenues of business entities that pay a flat tax, which is characteristic of this sector, so that the revenues generated in this sector are significantly higher. In the mapping process, the existence of a black market and copyright infringement and their protection were highlighted as key problems.

Table 19: Businesses, Employees and Revenues in the Photo Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	46	45	48	54
ENTREPRENEURS	38	51	46	50
TOTAL	84	96	94	104
<i>Employees</i>				
LEGAL ENTITY	80	76	74	88
ENTREPRENEURS	67	76	72	76
TOTAL	147	152	146	164
<i>Total revenu (EUR)</i>				
BUSINESS ENTITIES	563.670	593.769	833.664	939.269

Source: Calculation based on Tax Administration data

4.7.5 Architecture

The *Architecture* sector is recognized through activity 7111 Architectural activities in accordance with CA 2010.

In 2017, the total number of businesses in this sector was 137, representing 7.3% of the total CCI business growth. Business entities in the architectural sector are primarily registered in the form of legal entities. In the 2014-2017 period, the number of business entities in this sector increased (over 23%). Along with these developments, the number of employees increased. According to the Tax Administration, in 2017, the architecture sector employed 374 people or 6.0% of the total number of employees in the CCI area. The architecture sector shows a significant increase in total revenues of 47.7% in 2017 compared to 2014. Central Bank data shows an increase in inflows and a decrease in outflows based on architectural activity, which indicates an increase in activities of Montenegrin companies in the foreign market.

Table 20: Businesses, employees and revenues in the architecture sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	110	120	123	135
ENTREPRENEURS	1	1	2	2
TOTAL	111	121	125	137
<i>Employees</i>				
LEGAL ENTITIES	300	334	348	372
ENTREPRENEURS	1	1	2	2
TOTAL	301	335	350	374
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	8.337.436	10.121.163	9.446.795	12.314.226

Source: Calculation based on Tax Administration data

4.7.5 Computer programs and games



Within the *Computer Programs and Games* sector, two activities have been identified in accordance with CA 2010, namely:

- 5821 Publishing of computer games
- 6201 Computer programming

In the international context, the computer programs and games sector has significant growth potential. Although it cannot be said that this sector is at a high level in Montenegro, it certainly occupies a significant place in the area of CCIs. According to the data collected, in 2017, there were 252 business entities registered in this sector or 13.5% of the total number of business entities in CCIs. There were 621 persons employed in this sector or 10% of the total number of employees of CCIs.

Along with the growth in the number of businesses and employees, there was also an increase in total revenues. According to the available data, the total revenues of this sector in 2017 amounted to around EUR 20.5 million. During the mapping process, a large number of freelancers were observed, who do not actually represent employees, but perform their business activity on the basis of a work contract and sometimes without a contract, thus keeping these transactions unrecorded.

Table 21: Businesses, Employees and Revenues in the Computer Programs and Games Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	194	220	238	242
ENTREPRENEURS	8	10	9	10
TOTAL	202	230	247	252
<i>Employees</i>				
LEGAL ENTITIES	411	478	520	611
ENTREPRENEURS	8	10	9	10
TOTAL	419	488	529	621
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	15.591.261	16.492.426	20.023.387	20.490.359

Source: Calculation based on Tax Administration data

The largest number of businesses and employees is in the computer programming industry (over 96%), while a small number of business entities are registered in the distribution or computer game publishing industry.

Table 22: Business entities, employees and income by activities in the computer programs and games sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Publishing of computer games	6	7	11	9
Computer programming	196	223	236	243
<i>Employees</i>				
Publishing of computer games	6	11	14	17
Computer programming	413	477	515	604

Source: Calculation based on Tax Administration data

4.7.6 Electronic media

Within the *Electronic Media* sector, three activities have been identified in accordance with CA 2010, namely:

- 6010 Broadcasting of radio programs
- 6020 Production and broadcasting of television programs
- 6312 Web site services (web portal)

According to the Tax Administration, in 2017, the number of registered business entities in this area was 125 representing 6.7% of the total number of business entities in the CCIs. This sector employs the largest number of people in the CCI field. In 2017, 1340 persons were employed in the electronic media sector or 21.7% of the total number of employees in CCIs. Based on available data, the estimated total revenue in 2017 was EUR 23.1 million.

Table 23: Businesses, Employees and Revenues in the Electronic Media Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	106	113	113	124
ENTREPRENEURS	1	1	1	1
TOTAL	107	114	114	125
<i>Employees</i>				
LEGAL ENTITIES	1381	1332	1325	1340
ENTREPRENEURS	2	2	2	2
TOTAL	1383	1334	1327	1342
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	21.651.853	24.734.392	24.028.074	23.161.509

Source: Calculation based on Tax Administration data

The largest number of businesses is present in the area of website services, which represent a new form of media that is increasingly represented but which does not employ a large number of people. In addition, in the process of mapping by looking at the website of the Agency for Electronic Media of Montenegro, it was found that this number of business entities was in one part overestimated, ie. that they have not been entered in the AEM

registry. According to AEM, the total number of electronic publications was 45 at the end of 2018. The largest number of employees is in the production and broadcasting of television programs.

Table 24: Business Entities, Employees and Revenue by Activity in the Electronic Media Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Broadcasting of radio programs	38	39	34	33
Production and broadcasting of television programs	24	26	25	25
Services of Internet pages (web portal)	45	49	55	67
<i>Employees</i>				
Broadcasting of radio programs	168	163	159	164
Production and broadcasting of television programs	1158	1111	1097	1084
Services of Internet pages (web portal)	57	60	71	94

Source: Calculation based on Tax Administration data

4.7.7 Publishing

Within the *Publishing* sector, seven activities were identified in accordance with CA 2010, as follows:

- 5811 Book publishing
- 5813 Publishing of newspapers
- 5814 Publishing of journals and periodicals
- 5819 Other publishing
- 6391 Activities of news agencies
- 7430 Translation and interpreting services
- 4761 Retail sale of books in specialized stores

According to the available data, this sector numbered 236 businesses in 2017, representing 12.7% of the total number of businesses in the CCIs. In the same period, the publishing sector employed 763 people or 12.3% of employees of CCIs. Compared to 2014, the number of employees in this sector increased. According to the available data, the total revenue of the publishing sector in 2017 was approximately EUR 20.2 million.

Table 25: Businesses, employees and revenues in the publishing sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	197	195	194	204
ENTREPRENEURS	37	33	33	32
TOTAL	234	228	227	236
<i>Employees</i>				
LEGAL ENTITIES	673	718	699	730
ENTREPRENEURS	39	34	34	33
TOTAL	712	752	733	763
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	16.803.646	19.964.078	22.436.469	20.247.941

Source: Calculation based on Tax Administration data

The largest number of businesses in the publishing sector is represented in the retail trade of books in specialized stores, book publishing, publishing of periodicals and publishing of newspapers. These activities also employ

the largest number of people, with the fact that the newspaper publishing industry employs about 42%. It should be noted that when estimating the number of employees by industry in certain cases, it was not possible to separate the data in cases where the same company carries out several different activities.

Table 26: Business entities, employees and revenues by activities in the publishing sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Book publishing	38	38	39	41
Newspapers publishing	27	27	27	27
Publishing of journals and periodicals	39	38	38	41
Other publishing activities	25	25	23	20
Activities of newspaper agencies	5	5	5	5
Translation and interpreting services	19	18	19	24
Retail sale of books in specialized stores	81	77	76	78
<i>Employees</i>				
Book publishing	144	158	169	172
Newspapers publishing	292	330	295	321
Publishing of journals and periodicals	45	39	37	45
Other publishing activities	20	18	16	11
Activities of newspaper agencies	18	17	18	17
Translation and interpreting services	50	44	47	52
Retail sale of books in specialized stores	143	146	151	145

Source: Calculation based on Tax Administration data

4.7.8 Advertising and Market Communications

Within the *Advertising and Market Communications* sector, three activities have been identified in accordance with CA 2010, as follows:

- 7021 Communication and public relations activities
- 7311 Advertising agencies
- 7312 Media presentation

The development of the Internet and information and communication technologies has led to changes in the way advertising with regard to the growth of internet investment, compared to traditional advertising methods such as leasing media space on television or in newspapers. The advertising and marketing communications sector is the sector with the largest number of businesses in the CCI field. In 2017, the total number of businesses in this sector was 306 or 16.4%. In the same period, this sector employed 421 persons or 6.8% of the total number of employees in CCIs. The developments in basic economic parameters indicate a crisis in this sector. Compared to 2014, there was a decrease in the number of businesses, employees and total revenues. In 2017, the estimated revenue of this sector was EUR 24 million.

Table 27: Businesses, employees and revenues in the advertising and marketing communications sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	350	261	282	295
ENTREPRENEURS	11	12	11	11
TOTAL	361	273	293	306
<i>Employees</i>				
LEGAL ENTITIES	395	357	373	410
ENTREPRENEURS	11	12	11	11
TOTAL	406	369	384	421
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	42.895.362	45.363.486	33.576.299	24.043.404

Source: Calculation based on Tax Administration data

In the structure of business entities and the number of employees, the highest concentration is in the activity of advertising agencies, which represents 80% of business entities and 77% of employees in this sector.

Table 28: Businesses, Employees and Revenue by Activity in the Advertising and Market Communications Sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Communication and public relations activities	118	21	22	23
Advertising agencies	203	212	233	245
Media presentation	40	40	38	38
<i>Employees</i>				
Communication and public relations activities	30	34	35	38
Advertising agencies	290	272	288	326
Media presentation	86	63	61	57

Source: Calculation based on Tax Administration data

4.7.9 Artistic and Traditional Crafts



Within the *Art and Traditional Crafts* sector, six activities have been identified in accordance with CA 2010, as follows:

- 1512 Manufacture of travel and handbags, leather products and belts
- 1629 Manufacture of other products of wood, cork, straw and sticks
- 2341 Manufacture of ceramic household and decorative articles
- 2349 Manufacture of other ceramic products
- 3212 Manufacture of jewelery and related articles
- 3213 Manufacture of imitation jewelery and related articles

Artistic and traditional crafts appear within the various activity classification groups, which could not be accurately covered by any of the aforementioned activity groups. Based on the *Law on Crafts* and the types of crafts defined by the Decision on the Establishment of Crafts, craft-like activities and a list of simple and complex occupations, 36 crafts were recognized that belong to artistic and traditional crafts, which are listed within the methodological notes. However, due to the lack of a register of crafts, it was not possible to include them in the mapping of these crafts. On the other hand, for legal entities within the recognized activities, it cannot be stated with certainty whether they fulfill the requirements in accordance with the Law on Crafts.

Based on the available data, 181 business entities were registered in the artistic and traditional crafts sector in 2017, representing 9.7% of the total number of CCI business entities. Although by their very nature, craft activities are usually tied to natural persons engaged in economic activity, according to the data obtained from legal entities, the number was almost doubled. In the same period, the arts and traditional crafts sector employed 316 persons or 5.1% of the total CCI employees. In contrast to the number of businesses and employees, which recorded a slight decline compared to 2014, revenues in the arts and traditional crafts sector have been almost doubled. Total revenue in 2017 was estimated at close to € 6.3 million.

Table 29: Businesses, employees and revenues in the arts and traditional crafts sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
LEGAL ENTITIES	111	109	113	118
ENTREPRENEURS	75	72	68	63
TOTAL	186	181	181	181
Employees				
LEGAL ENTITIES	228	230	231	235
ENTREPRENEURS	95	89	84	81
TOTAL	323	319	315	316
<i>Total revenue (EUR)</i>				
BUSINESS ENTITIES	3.835.153	6.042.850	5.908.702	6.296.628

Source: Calculation based on Tax Administration data

The two most significant activities in terms of the number of businesses and the number of persons employed in this sector are the activities related to the production of other products of wood, cork, straw and wool as well as jewelry and related items.

Table 30: Business entities, employees and income by industry in the arts and traditional crafts sector 2014-2017

	2014	2015	2016	2017
<i>Number of business entities</i>				
Manufacture of travel and handbags, etc., leather products and belts	8	8	11	10
Manufacture of other products of wood, cork, straw and sticks	84	82	82	83
Manufacture of ceramic household and decorative articles	7	5	5	5
Manufacture of other ceramic products	2	2	2	3
Manufacture of jewelry and related articles	74	72	69	67
Manufacture of imitation jewelry and related articles	11	12	12	13
Employees				
Production of travel and handbags, etc., leather products and belts	8	9	11	12

Manufacture of other products of wood, cork, straw and sticks	167	164	166	162
Manufacture of ceramic household and decorative articles	7	5	5	7
Manufacture of other ceramic products	3	2	2	2
Manufacture of jewelery and related articles	128	125	117	118
Manufacture of imitation jewelery and related articles	10	14	14	15

Source: Calculation based on Tax Administration data

5 CONCLUSIONS

Mapping the cultural and creative industries in Montenegro is a venture whose end result, ie. their quantification should serve as a starting point for decision-makers to monitor the development of the cultural and creative industries and guide policies in the forthcoming period.

For the first time, the creative industries have been identified through the mapping process. Based on the analysis of international experience in CCI mapping and consultation, 11 sectors have been identified and 40 activities related to CCI based on CA 2010 have been identified.

The assessment of the economic effects of the cultural and creative industries in Montenegro has led to the conclusion that the CCIs in Montenegro are below their potential and are lagging behind in comparison with other countries. Comparison with other countries is only of informative character because of limitations such as the contribution period and the extent of the CCI itself, which may ultimately lead to the wrong conclusion. The results of the research showed that CCIs contribution in 2017 is reflected in the following parameters:

- 1.5% of gross value added (GVA) compared to the GVA of Montenegro,
- 3,5% of registered business entities (legal entities and entrepreneurs) in relation to the total number of business entities in Montenegro,
- 4.4% of employees engaged in cultural and creative occupations at the level of Montenegro,
- 3.2% of the total number of employees in business entities at the level of Montenegro,
- 1.4% of the total revenues of business entities at the level of Montenegro,
- 1.7% of total exports of services,
- 2.3% of total household expenditure on culture and related activities.

The mapping process and assessment of contributions have identified some weaknesses regarding monitoring of statistics by institutions, so it is necessary to work on their removal for the purpose of future monitoring

and more accurate assessment. Also, the cultural and creative industries are most susceptible to change, influenced by the development of new technologies, changing their form and it is very difficult to classify because they are intertwined with other sectors. As the classifications do not represent a static category, the content of the CCI needs to be revised from time to time and adjusted for new developments. The limitations can be overcome by occasionally conducting specialized, methodologically well-designed research on the sample, where the extrapolation of the results obtained could characterize the sectors individually, but also the CCI as a whole.

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