

PRNJAVOR MUNICIPALITY

COMPARATIVE OVERVIEW OF PRIORITY INDUSTRIAL SECTORS IN 2016 AND 2017

	Metal processing		Construction		Food industry		Wood processing		Manufacture of leather and products thereof		Wholesale and retail trade	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Number of SMEs	11	15	10	11	8	9	6	14	3	7 (4)	75	64
Number of employees	530	632	239	242	344	415	576	672	260	241	809	776
Total income (in million BAM)	89.5	101	19	19.16	38.66	43	50.8	57.5	12.2	11.7	379.2	401.5
Profit in 2017 (in million BAM)	10.2	10.6	0.64	0.60	1.85	2.5	4.43	7.4	0.35	-1.3	12.08	14.99
Income per employee (BAM)	168,923	159,812	79,498	79,201	112,379	103,775	88,323	85,629	46,857	48,431	468,780	517,345
Profit per employee (BAM)	17,644	16,760	2,671	2,490	5,376	6,246	7,690	11,002	1,367	-5,452	14,935	19,367
Export (in million BAM)	35	38.9	0	0.11	2.9	6.2	48.1	52.4	11.8	11.0	78.6	82.2
Share of export in the total income of the sector	28.70%	38.55%	0%	0.6%	7.46%	14.46%	94.65%	91.1%	93.7%	94.8%	20.73%	20.49%
Share of export in the total export of SMEs	18.6%	19.8%	0%	0%	1.54%	3.17%	27.07%	26.69%	6.3%	5.63%	41.88%	41.88%
Average net salary of an employee in the sector (BAM)	620	736	637	727	533	653	475	734	450	600	420	562

## TREND OF DEVELOPMENT OF INDUSTRY SECTORS IN 2017 IN COMPARISON TO 2016

- Although the total number of economic operators submitting their financial statements to APIF (thus being registered in their database) has not considerably changed in comparison to 2016, in all indicated sectors, except the sector of wholesale and retail trade, there increased the number of SMEs. Number of companies in those sectors is not considerably higher but it shows positive trend.
- According to the number of SMEs the sector of wholesale and retail trade remained most represented with 64 companies doing business in 2017.
- All sectors, with the exception of manufacture of leather and wholesale and retail trade, recorded the creation of new jobs. Majority of new jobs in 2017 were created in the metal processing sector (102), and then wood processing sector (96). Sector of manufacture of leather and products thereof decreased the number of employees by 19, and wholesale and retail trade by 33.
- The biggest total income in 2017 was generated in the wholesale and retail trade sector (BAM 401.5 million), metal processing (BAM 101 million) and wood processing sector (BAM 57.5 million).
- The biggest income per employee is generated by the wholesale and retail trade sector (BAM 517,345), and smallest by the leather and footwear sector (48,431).
- The biggest profit was generated in wholesale and retail trade sector (BAM 14.99 million), followed by metal processing sector with BAM 10.6 million and wood processing sector with BAM 7.4 million of generated profit).
- Leather and footwear sector, which generated minimum profit in 2016, is one of the priority sectors recording loss in 2017 (BAM 1.3 million).
- The biggest profit per employee was generated in the wholesale and retail trade sector (BAM 19,367), and the smallest in the construction sector (BAM 2,490), while the leather and footwear sector had loss in 2017 of BAM 5,452 per employee.
- In all export-oriented sectors there increased export in comparison to 2017.
- The wholesale and retail trade sector is the biggest exporter with 41.88% share in the total export from Prnjavor. It is followed by the wood processing sector (26.69%) and metal processing sector (19.8%). These three sectors make 88.37% of the total export from Prnjavor.
- The biggest percentage of the total income from export activity is generated by leather and footwear sector (94.8%) and wood processing sector (91.1%). This implies that in those sectors most often "lohn" arrangements are concluded.
- The biggest average net salary is in the metal processing sector (BAM 736) and wood processing sector (BAM 734). Above municipal average are also salaries in construction industry (BAM 727), while the lowest salary is in the trade (562), followed by manufacture of leather and products thereof (600) and food industry (653). In the last three sectors, salaries are below average personal income in the Prnjavor Municipality, amounting to BAM 688 in 2017.
- In 2017, salary growth may be noted in all analysed sectors, ranging from 14% in construction industry to 54.5% in wood processing industry.

## CONCLUSION

In the **metal processing sector**: All parameters indicate growth trend of the sector in comparison to 2016. Except income and profit per employee, which are insignificantly lower, the number of employees, total income, profit, export, share of export in the total income, as well as average salary increase.

In the **construction industry**, there may be noted stable situation – no sudden falls and rebounds in majority of analysed aspects, except the increase of net salary of considerable 14%.

**Food industry** indicates a very positive trend of development in all aspects, except minor decrease of income per employee. In this sector, there may be noted considerable growth of export activities: income from export or share of export in the total income of SMEs in this sector increased by almost 100%. Average net salary in the sector considerably increased by BAM 120 (22.5%).

In the **wood processing** sector there may be noted also an overall positive trend of development, while particularly important is to mention the increase of profit in comparison to 2016 (by almost BAM 3 million), as well as considerable increase in salaries (by 54.5%) in 2017. In the wood processing sector, salaries were the lowest, along with those in leather and footwear sector. Such a growth led to the increase of salaries by approximately 5% above average salary in the municipality approximating them to salaries in other leading sectors (the metal processing sector and construction industry).

**Sector of manufacture of leather and products thereof** is the only priority sector whose business decreased in comparison to 2016, as well as in relation to other sectors in 2017. In comparison to 2016, there decreased the number of employees and income in the sector, while the sector had loss of BAM 1.3 million (BAM -5,452 per employee). Salaries in the sector remain lower than the average in the municipality.

**Wholesale and retail trade sector** continues to keep the leading position in the Prnjavor Municipality recording growth by all parameters. However, although this sector employs biggest number of employees, those are non-manufacturing activities which are paid less than other jobs and below the average in the municipality.

Development of metal processing sector, wood processing sector, food industry and leather and footwear sector remain in the focus as strategic sectors in manufacturing. In those sectors in the years to come there may be expected further increase in income, profit, export, number of employees and amount of salary. Support to the development of SMEs and entrepreneurship by the municipality should be focused on those sectors in the form of both financial and non-financial assistance, primarily in the form of ensuring proper workforce to meet the needs of the sectors.

The reason may be in the lack of continuous supply of raw materials in order to ensure smooth operation of production process in this sector.