



Project Green Synergy Business development for SMEs and Entrepreneurs

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Mapping of Current Situation

Cyprus

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Introduction

Entrepreneurship is far from being a new concept in the Cyprus culture, therefore, to the country's economy. The structure of the country's economy, which is based on strong family bonds, lead to a positive impact regarding the development of Entrepreneur as families and friends tend to support such actions, thus, retaining these strong bonds and transfer them from one generation to the other.

According to the Ministry of Energy, Commerce, Industry and Tourism (MECIT), almost all enterprises (99,9%) employ less than 250 individuals whilst the overwhelming majority (95%) employs less than 10 individuals. Overall, the total number of SMEs in Cyprus is estimated by MECIT at over 60.000 (Graph 1). Consequently, a large percentage of these 95% is expected to be entrepreneur, hence, contributing massively to the overall country's Gross Domestic Product and the development procedure, especially since the economy's was downsized as a result of the 2013 banking and financial crisis.

Entrepreneurship in Cyprus are mostly found in the Services Industry as there is an easier way to develop their ideas, there is a relatively low requirement for capital, therefore, there is also an easier access to funding. Self - employment are quite common in specific fields such as Law and Accounting, enabling them to develop their own unique skills and competences. Usually, the Entrepreneurs are of a young age, as they do not want to commit themselves with other people and/or companies.

As a result of all the above, this stage can be identified as the primary step before developing their own larger business and becoming successful entrepreneurs. SMEs constitutes an important fact of the overall Cyprus economy, it is part of the social and economic culture, and enables young people to kick-off with their lives at a professional level. Despite the financial problems, the Republic of Cyprus provides a number of schemes enabling young people to develop Entrepreneurship skills and contribute to the economy.

Current Situation of Smes and Entrepreneurs/ Sustainable Development in Cyprus

The Cyprus Entrepreneurship Ecosystem is considered as a highly positive factor that enables contemporary companies to develop in the country. The political support from all parties has been traditionally a positive factor which has created a safe roadmap for the development of smes. The Entrepreneurship Ecosystem is strongly supported by the Cyprus Center of Entrepreneurship. The Ecosystem is divided into three major categories:

- i. Internal;
- ii. External;
- iii. Partnerships

Each one of the categories is supported by a number of powerful organisations that contribute towards innovation and support for all business parties, including both entrepreneurs and smes, therefore, creating the appropriate business environment that will support their long-term and successful growth.

Entrepreneurship in the Republic of Cyprus is currently at a growing stage, despite that traditionally the economy is based on both SME and individual businesses. However, entrepreneurship can indeed be identified in an infancy stage compared to larger and more experienced economies. Their growth is ensured by several factors such as:

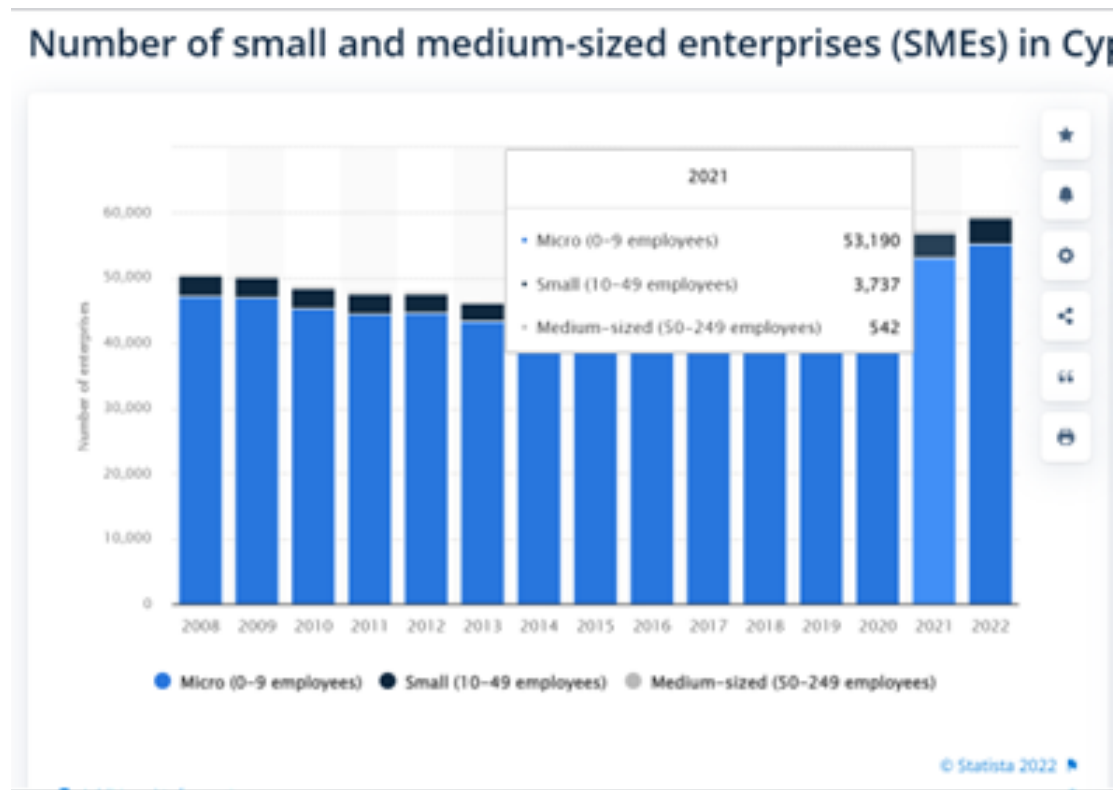
- i. The strong legal environment of the Republic of Cyprus which is in full alignment with the EU acquis;
- ii. The strong expertise and know-how of the Cyprus workforce as a result of the high educational level at all stages, especially at a university level;

- iii. The constant education provided by the professional associations as well as the support provided by the Republic of Cyprus and the Cyprus Chamber of Commerce and Industry in association with its regional branches.

All these create a powerful business environment that enables Entrepreneurs to thrive in a difficult business environment.

Graph 1 provides a rather clarified overview of how the SMEs are distributed in Cyprus. The Statistical approach constitutes an important parameter for any given research in order to identify the under-examination issues and provide the most reliable and credible results possible, hence, contributing to the overall knowledge, identify the possible problems and provide a powerful set of Conclusions and Recommendations (Bryman & Bell, 2015).

Graph 1: Number of small and medium-sized enterprises (SMEs) in Cyprus in 2021



Source: Statista (2022)

Critically approaching and examining the statistics, the fact that 53.190 out of the total 57.469 SMEs are Micro, clearly reveals the impact of Entrepreneurs in the overall Cyprus economy and GDP. This constitutes the basis for any governmental policy that attempts to facilitate the development of Entrepreneurship. Measure such as provision of Know-how, access to local and European Funding, In-house training by the local public institutions in cooperation with the private institutions, especially the Cyprus Chamber of Commerce and Industry and its regional branches, are common in the Cyprus marketplace, hence, creating a positive business environment for Entrepreneurs. Despite the positive environment, challenges remain in power and smes are called upon confronting them effectively.

According to Macmillan Dictionary 'Entrepreneur is a business owner who works and runs his/her business alone'. Provided that the specific definition is based on a clearly trustworthy academic resource, coupled with the general perception of public opinion regarding the Entrepreneur term, any further examination of any issue related to Entrepreneurship, must be based on the above-mentioned definition in order to have a solid background.

As a concept, Entrepreneurship carries several advantages and disadvantages that need to be clearly identified in order to provide a clarified overview regarding the operations of Smes in both Service and Product industries. To a large degree, these advantages and disadvantages contribute to the overall Entrepreneurship framework and also create the legal framework that regulates Entrepreneurs' activities. This is of the utmost importance and must critically be approached in order to avoid any misunderstandings or misleading concepts.

One of the major advantages for Entrepreneurs is that by developing their own business, skills, capabilities, and competences. This enables Entrepreneurs to develop these skills in terms of Innovation and Creativity, therefore, leading to higher levels of Productivity and increasing the Entrepreneurs' competitive advantage in an intense and demanding globalised marketplace, especially when this concerns the Service industry in which the impact of Internet and Information Technology plays a pivotal role (Waas, 2017).

Another major advantage that adds to the Entrepreneurship's framework is that Entrepreneurs hold themselves completely accountable as all decisions belong to them, therefore, they can

harvest the fruits of success, but also bear the cost of any possible failure, since both are possible in any professional and business development (Belt et al., 2015). In addition, the authors focus on the importance of decision-making procedure and clarify that: 'The feedback that Entrepreneurs receive from the environment directs them to focus on their personal professional skills rather than on business and growth.' (2015, p.1). The specific identification constitutes an indeed important part of the Entrepreneurs' activities as they avoid endless procedures and red-tape bureaucratic approaches that can harm their activities and hold them back shall they have a fresh and innovative idea.

By definition, an Entrepreneur is a person that works on his/her own, taking the entire risk and also harvesting the potential benefits. However, it is widely accepted that at some point Entrepreneurs would wish to further expand their business, gain a larger market-share, employ people, but still remain in control of their business. Hence, becoming a Chief Executive Officer (CEO) of your own business once an Entrepreneur, can be described as the natural development of any ambitious individual who constantly seeks to improve at a professional level. Frances (2018) has identified 'Five Unconventional Practices To Go From Entrepreneur To CEO'. More specifically the author proposed:

- i. Be your own Assistant;
- ii. Keep email off your phone;
- iii. Shift your mindset from 'entrepreneur' to 'CEO.';
- iv. Traditional funding isn't the only right answer;
- v. Eschew financial projections and industry standards.

Importantly, the author has also proposed that the above issues can also be applied by Entrepreneurs at their own workplace in order to make them feel like the CEO of their business, hence, boosting their belief into their own business. This is an indeed important step towards the development of long-term success as psychology in business development, at any level and at any industry, requires from managers to strategically focus on the improvement of their current status and position, both internally and externally, in terms of business environment (Daft, 2015). Critically evaluating the specific situation, the question for Entrepreneurs is not if they want to expand their business operations and engage themselves in further and more profitable

business agreements, but instead, the timing and the extend that this will occur. Therefore, this remains both a question and a challenge and creates a framework that needs to be clearly identified and shaped in order to provide Entrepreneurs with the appropriate skills and opportunities that will enable them to become more competitive. The European Union business, political, and legal environment, provide a unique opportunity for the development of Entrepreneurship, as well as the further development, within a preset and safe framework, thus is the need of Entrepreneurs to take advantage of it.

The Entrepreneurship development can occur in many parts of the economy, and regardless of any possible differences, far from discriminatory elements such as geographical exclusion, sex, ethnicity, sexual orientation, race, class, level of education etc. After all, such discriminatory approaches are strictly prohibited by the European acquis, hence, contributing towards the Union's overall culture which is based on tolerance and diversity between the peoples of European Union.

Entrepreneurship in rural areas has become an issue with global impact as people in rural areas are encouraged by their local governments to remain in their places, develop their skills and competences and fight against the increasingly negative impacts of Urbanisation. This creates obstacles for the development of EU in terms of sustainability and ability to provides its citizens the adequate support in terms of core products by avoiding the development of the Law of Scarcity. Therefore, the development of Entrepreneurship can be considered as a possible answer to the Question.

Most Entrepreneurs and SMEs in Cyprus are taking steps into the Green Transition, there is both public and private initiative through this direction and some examples of good practices are described below:

Good Practices in Cyprus

- The Scheme for “Promoting Saving and Upgrading in Business” is co-financed by the Republic of Cyprus and the European Regional and Development Fund in the framework of the operational program “Competitiveness and Sustainable Development”. The objective of the scheme is the energy upgrade of large-scale building installations which are owned by SMEs by insulating the shell of the buildings, installing renewable energy systems for heating / cooling and electricity saving systems. The total funding is €40 mil and the maximum amount of funding per SME is 200,000
- Green dot Cyprus, a non-profit Organisation which was established with the initiative of the local industry and of the Cyprus Chamber of Commerce and Industry (CCCI) as an umbrella organization and is the only Collective Compliance System for Packaging Waste in Cyprus. The Organisation was set up based on European legislation under which companies which import or package products in Cyprus, are obligated to collect and recycle a percentage of their packaging. Green Dot Cyprus undertakes the obligation on behalf of its company-members and its members undertake the funding of these procedures. The organization currently provides legal cover to more than 900 companies in Cyprus by collecting and recycling their waste.
- The Cyprus Centre for Environmental Research and Education (CYCERE) is the first independent environmental center of Cyprus. CYCERE contributes to environmental conservation by adopting and promoting strategies in environmental education, environmental research and information. Recognizing that SMEs and organizations can have a detrimental effect on the environment, CYCERE, supports and promotes businesses that implement environmentally friendly policies and practices by providing them with environmental awards and recognition.



Case study / Example: The Cyprus Breakfast

The Cyprus Breakfast is a project supported by the Deputy Ministry of Tourism, the Travel Foundation of the UK and the Cyprus Sustainable Tourism Initiative. The aim of this initiative is to train the people working in the HoReCa industry to use local and seasonal products by branding Cyprus Breakfast. The whole concept is promoting local cuisine and gastronomy, while the tourists learn to appreciate local produce and gastronomy the carbon footprint of the touristic industry is reduced. All partners to the project put emphasis in the local gastronomy and the support to local communities so both professionals of the sector and tourist are engaged in the philosophy of eating local and seasonal.



Need for training for a sustainable development in Cyprus

Small and medium enterprises (SMEs) in the European Union have already undertaken substantive actions to transition their business operations towards environmental sustainability, according to the findings of the 2022 edition of the Eurobarometer on SMEs, resource efficiency and green markets.

Overall, 89% of SMEs in the EU are taking at least one of the actions listed in the survey to become more resource-efficient, for example by using predominantly renewable energy, recycling or minimizing waste. 9% said that they had not taken any measures and 2% said they do not know.

In the case of Cyprus, 84% of SMEs said that they had taken at least one of the actions listed, while 16% said they had not taken any of them. In particular, when called to pick one or more specific measures that they had taken, the most popular answer in Cyprus was energy savings (56%, 61% in the EU), followed by saving on materials (44%, 57% in the EU), recycling by reusing material or waste within the company (43%, 47% in the EU), saving water (37%, 46% in the EU) and minimizing waste (34%, 64% in the EU).

Amongst other areas, the survey investigates the barriers SMEs encounter and the potential of policy measures to speed-up SMEs' green transition. These results will feed into the Commission's efforts to help SMEs become greener, in line with the SME strategy and the updated EU Industrial Strategy. The EU counts 23 million SMEs, employing around 100 million people and accounting for more than half of Europe's GDP. However, their collective share in total emissions is high, at 63% of all CO₂ emissions by companies.

Source <https://europa.eu/eurobarometer/surveys/detail/2287>

To be more precise Paphos Chamber of Commerce and Industry contacted a study of 500 SME owners in Cyprus and it was found that 92% believe it is important to be more sustainable, but they struggle with a lack of guidance (59%), efficient carbon footprint data (62%) and time (65%).

Around 9 in 10 SME owners want their business to be more sustainable, whilst 90% feel the government needs to do more to educate and support them in their efforts - despite the government offering funding to help SMEs become more sustainable, as part of their commitment to reaching net-zero emissions by 2050. On a more positive note, 75% of SMEs feel their company is as already environmentally friendly as it claims to be, with 70% already having a sustainability strategy in place.

The above findings confirm that SMEs are in the constant need for the training in order to adapt better to the challenges to become more sustainable and environmentally friendly.

When it comes to training and developing skills for smes we have to take into consideration that the Entrepreneur development requires special skills and competences as this is an essential part of becoming more competitive in the marketplace. However, this development is not free from official requirements depending the sector that they are operating. E.g. Lawyers must pass the examinations of the Cyprus Bar Association before obtaining their official licence in order to be able to appear before the Court. Similar requirements are identified in several other professions that fall within the Entrepreneurs' concept. These include professions such as Accountants, Architectures, Civil Engineers, Plumbers, Electricians, Car mechanics, etc. All these legal requirements, that in most occasions are accompanied by supplementary requirements such as ISO etc., create a solid legal business environment that focuses on ensuring the professions as well as protecting the customers and consumers, and the environmental related skills fall behind and some time not prioritized as high as the entrepreneurs would like, because of lack of time and resources.

Additionally, the legal requirement within the Republic of Cyprus are in full compliance and alligned with the Laws and Regulations of the European Union as these are currently part of the national law. Such compliance must be critically evaluated as a positive sign as it provides the Entrepreneurs operating within the country with high level of reliability and credibility, much

needed especially since the Cyprus economy is exposed to external factors, making it extremely vulnerable. Therefore, the appropriate attention is paid towards the particular element. Source: Stotler (2017)

Cyprus economy has indeed experienced massive financial growth in the last which was based on the Tourism Industry, as well as the Construction industry. However, this development has not been landed without problems as the country is facing serious challenges in terms of excessive building, higher prices for rent for the businesses, and therefore, creating several problems in terms of damaging the environment. The problem must be addressed as an emergency due to the negative impact that excessive building can result to the environment (de Sherpinin et al., 2007).

Environmental Protection is a major issue in the global Tourism industry, and the countries operating within it need to identify these issues in order to enable Sustainability (Castellani & Sala, 2010). Cyprus, as a small country, however, a large island is confronting serious challenges in protecting its environment as this is affected by pollution that occurs in the greater Eastern Mediterranean region. It is therefore, crucial for the country to become more focused, and develop a comprehensive Strategy, especially in regard to the country's largest natural park, that of Akamas Forest which annually attracts tens of thousands of visitors, and is protected by the European Project 'Natura 2000'.

In addition to all the above, the Cyprus Tourism Industry is facing some other Challenges that threaten its Sustainability and must be identified and confronted. These Challenges concern the overdependence on big tour Operators, concentration on limited markets, deterioration of the environment, water shortage, rapid and intense development on the coastal areas, and Seasonality (Loizou, 2017). All these can become real threats that require the effective cooperation of all stakeholders involved in the Tourism Industry, however, it is the duty of the Government of the Republic of Cyprus to coordinate the activities of these stakeholders and ensure that these issues will not threaten the Industry's Sustainability.



These Conclusions and Recommendations aim to provide the appropriate understanding of the current situation of Tourism in the Republic of Cyprus and trigger stakeholders' critical thinking in both public and private sectors, in order to ensure that the Industry's Sustainability shall be protected and continue contributing to the country's Sustainable development. To sum up, there is a need for national and local authorities to collaborate and provide solutions and support to SMEs in becoming more green and sustainable businesses.



Conclusions

The Entrepreneurship concept, constitutes a powerful part of any economy. The case of the Republic of Cyprus is not any different. Entrepreneurs constitute a serious part of the country's economy which is highly influenced by several external factors due to its very nature and the lack of own resources. Therefore, this issue must be taken into serious account whilst examining any part of the country's economy, especially when this concerns 'family businesses'. Entrepreneurship in the Republic of Cyprus is currently thriving and this can be easily identified in several economic sectors, in both Services and Products industries, with the first to have the largest part of Entrepreneurs. Hence, this identification creates the appropriate environment for further examination of the Entrepreneurship concept in Cyprus.

Entrepreneurship contributes not only to the country's GDP but also to the creation of jobs in parallel sectors as a result of the Entrepreneurs' activities.

There is a great need to educate the entrepreneurs and the smes especially the small family owned businesses to work in a sustainable way and join the fight against climate change. According to the findings the vast majority needs more training to be able to perform their every day business in a more sustainable way, and contribute positively to the environmental protection.

As a final conclusion, more concrete training in Sustainable Business Development is considered to have a bright future ahead.

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