



YOUTH & SOCIAL ENTREPRENEURSHIP IN CYPRUS

Country report

Abstract

This report explores social entrepreneurship in Cyprus, focusing on the motivations, challenges, and experiences of social enterprises. It emphasizes the importance of creating a supportive ecosystem and highlights the potential for youth involvement in driving positive social change. The report identifies success factors, including support systems and partnerships, and discusses the impact of recent events on social enterprises. It concludes with recommendations to foster the growth of social entrepreneurship and inspire youth to actively participate.



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1. INTRODUCTION

Involving youth in social entrepreneurship (SE) is a strategy that might aid in solving numerous challenges in the society, but even more so - equip them with the necessary skills and mindset for the job market or their own SE adventure to stay resilient in face of ever changing world. This report is written within the project "Socially Agile" and will be combined with the findings of other countries in an international report "Innovative approaches for fostering social entrepreneurship using agile methodology" to subsequently create a novel online course. The used data has been collected through desk research, an online survey with 27 young people and online survey with 5 social entrepreneurs from Cyprus, during the interval of February 15th to March 30th, 2023.



1. DESCRIPTION OF THE ECOSYSTEM

1.1 General description of the ecosystem

Social entrepreneurship is emerging as a transformative concept in Cyprus, reflecting a shift towards a more inclusive and socially conscious approach to business. While profit remains a primary objective for entrepreneurs, there is growing recognition of the importance of integrating social goals and creating positive social impact alongside financial success.

In Cyprus, the concept of social entrepreneurship is still in its early stages of development. As of now, very few social enterprises have been established due to pending legislation. However, progress is being made, as the draft regulations for social enterprises are currently being reviewed by the parliamentary committee on energy, trade, industry, and tourism. Once approved by the house of representatives, a streamlined electronic registration process will be implemented, enabling interested enterprises to register as social enterprises.

The registrar of co-operative societies and social enterprises plans to conduct enlightening campaigns and training seminars to raise awareness and provide guidance to the public and interested enterprises. These efforts aim to foster a supportive ecosystem that encourages the growth of social entrepreneurship in Cyprus.



As the social enterprise movement gains traction in Cyprus, it holds the potential to contribute to social development, job creation for marginalized groups, and innovative solutions to societal challenges.

By promoting a people-centered approach and combining business acumen with social purpose, social enterprises can play a vital role in shaping a more inclusive and sustainable economy in Cyprus.

1.2 Social Entrepreneurship: law & its characteristics

Social entrepreneurship in Cyprus is governed by the Social Enterprises Act of 2020 (Law 207(I)/2020) and subsequent regulations. **Key features of the legislation include:**

- 1 **Legal entities eligible for registration as social enterprises: private limited liability companies, cooperative companies, and general or limited partnerships.**
- 2 **Two types of social enterprises: general purpose and social enterprises for inclusion, focusing on social, cultural, and environmental activities, and promoting social inclusion, respectively.**
- 3 **Requirement for social enterprises to generate over 70% of their revenue from business activities.**
- 4 **Emphasis on entrepreneurial, accountable, and transparent management, with stakeholder engagement.**
- 5 **Allocation of profits towards social objectives: 80% for general purpose social enterprises, and 40% for social enterprises for inclusion.**
- 6 **Fair remuneration policies, limiting senior manager's salaries and promoting income equity.**
- 7 **The Cooperative Societies Service (SCS) oversees social entrepreneurship matters in Cyprus.**

The establishment of social enterprises in Cyprus is pending final regulations approval by the House of Representatives. The Social Enterprises Act provides a robust framework for fostering a vibrant social entrepreneurship ecosystem in the country.

As the sector is still in its early stages of development, there have been no identified efforts by the government, academia, or experts to measure and analyze social enterprises comprehensively.

Despite these limitations, a rough estimate has been undertaken to identify entities that can be considered de facto social enterprises.

While this approach provides a preliminary understanding, it is important to recognize the need for further research and the establishment of a comprehensive legal framework to gain more accurate insights into the characteristics and size of social enterprises in Cyprus.

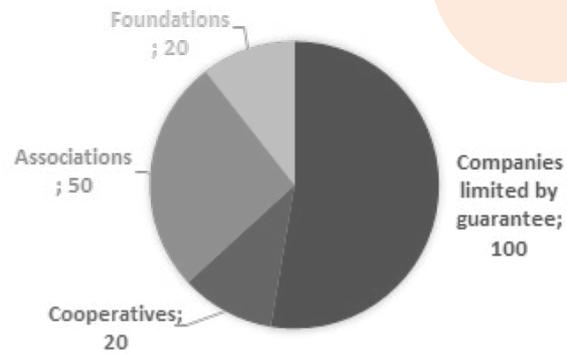


Figure 1. Social enterprises in Cyprus, G. Isaias, Europa

1.3 Support systems and mechanisms

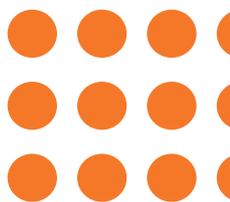
In Cyprus, support systems and mechanisms for social enterprises are being developed to create a conducive environment for their growth. The Office of the Registrar of Cooperative Societies and Social Enterprises collaborates closely with relevant government departments to introduce incentives aimed at assisting social enterprises. These incentives include tax breaks, sponsorships, consultancy services, and training services for people with disabilities, among others.

To facilitate the establishment and operation of social enterprises, the Social Enterprise Grant Scheme has been introduced. Appropriations have been allocated in the budget of the Cooperative Societies Service for 2023 and the Medium-Term Financial Framework for 2024-2025. The scheme provides grants of approximately EUR 15,000 per enterprise, covering the costs associated with preparing the necessary data and documents for registration, such as consultancy services and legal fees. Additionally, it may cover part of the initial operating costs.

The Ministry of Energy, Trade, and Industry holds the policy responsibility for social entrepreneurship in Cyprus. The social economy is also a priority at the European Union level, as demonstrated by the European Commission's Action Plan for boosting the social economy and creating jobs. This plan, which was welcomed by EU Member States including Cyprus, aims to promote the social economy's significant contribution to employment and GDP. Approximately 2.8 million social economy entities operate in the EU, generating over 13 million jobs.

In 2018, the Council of Ministers approved an Action Plan for the development of a social enterprise ecosystem in Cyprus. The Social Enterprises Law, which came into force in December 2020, establishes the framework for registering social enterprises in the relevant Registry, provided they meet the specified conditions.

In conclusion, social entrepreneurship in Cyprus is still in its early stages of development, with no legal framework specifically in place for social enterprises. As a result, precise statistics regarding their size are not available. However, efforts are underway to establish support systems and mechanisms for social enterprises, including the Social Enterprise Grant Scheme and collaborations between the Office of the Registrar of Cooperative Societies and Social Enterprises and relevant government departments. The Ministry of Energy, Trade, and Industry plays a key role in shaping social entrepreneurship policies, while the European Commission's Action Plan for the social economy highlights its importance at the EU level. Despite the current challenges, there is a growing interest in promoting social entrepreneurship, as demonstrated by the upcoming event focused on establishing an ecosystem for supporting social enterprises in Cyprus. With ongoing developments and support, the social enterprise sector in Cyprus has the potential to make a significant impact on social and economic issues in the country.



2. YOUTH AND THEIR READINESS/WILLINGNESS TO GET INVOLVED IN SE

2.1 Demographic Data

In our survey, we collected data on various demographic factors and occupational status of the participants. The age distribution showed that 12 individuals were in the 18-24 age group, representing young adults, while 15 respondents belonged to the 25-31 age group, indicating participation from individuals in their mid to late twenties. This diverse age representation enriches our understanding of different perspectives and experiences.

Regarding gender, the survey included 14 female respondents, 12 male respondents, and 1 non-binary respondent. This gender diversity emphasizes our commitment to inclusivity and ensuring that all gender identities are represented and respected.

In terms of geographical location, the participants were spread across different areas of Cyprus. 6 respondents were from the capital city, while 14 were from other cities. Additionally, 1 participant resided in a rural area, and 6 participants came from towns. This geographic diversity provides a broader perspective on the insights gathered.



The occupational status of the participants revealed a diverse mix. 10 respondents were employed, indicating their current work engagements. Another 10 participants were students pursuing higher education, while 7 individuals identified themselves as unemployed, indicating their active job-seeking status.



The survey data paints a comprehensive picture of the participants' demographic characteristics, highlighting the involvement of young adults, diverse gender representation, geographic distribution, and varied occupational statuses. This diverse range of participants enriches the insights gathered and enhances the overall understanding of the survey findings.

2.2 Knowledge and involvement

Regarding familiarity with the concept of social entrepreneurship, the majority of respondents indicated that they had heard about it before the survey but knew very little about it. There were also participants who had not heard about the concept before the survey. A few respondents expressed a good understanding of the concept but mentioned that they were not professionally connected to it. Furthermore, there were individuals who reported working in organizations or companies closely connected to social entrepreneurship.

In terms of considering becoming a social entrepreneur or being employed by one, the data indicates that many respondents have considered this path. There were several affirmative responses expressing interest in becoming a social entrepreneur or being employed in the field.

Overall, the data suggests a mix of familiarity with the concept of social entrepreneurship and varying levels of interest in pursuing it as a career or employment option.

2.3 Motivation & support

The survey findings provide valuable insights into the motivations driving individuals to consider or engage in social entrepreneurship, as well as the support systems they would require.

Individuals are motivated by various factors, including empathy and a genuine concern for the community. They have a strong desire to make a positive impact and address societal challenges. Previous experiences with social enterprises and the influence of friends, family, and the community play significant roles in motivating individuals. Additionally, the desire to earn a living in a more sustainable way and a sense of personal responsibility to contribute to social change are driving factors. Some individuals are driven by the ambition to leave a lasting impact or tackle specific societal challenges.

Furthermore, the survey respondents expressed their requirements for support in their social entrepreneurship endeavors. They highlighted the need for training on essential business management skills to enhance their entrepreneurial abilities. Access to resources, both financial and human, emerged as critical factors for starting and sustaining social enterprises. Participants emphasized the importance of comprehensive support from the government or municipality during the initial phases of their ventures. Mentorship from experienced social entrepreneurs was identified as valuable, as it provides guidance, insights, and practical advice. Networking opportunities were recognized as beneficial for establishing connections with like-minded individuals, fostering collaboration, and creating a supportive ecosystem. Moreover, participants stressed the significance of knowledge and training about the concept of social entrepreneurship, including understanding its principles, practices, and impact. These insights highlight the need for educational resources and guidance in developing innovative and socially conscious business ideas.

2.4 Readiness and external turbulences

The respondents provided us with noteworthy observations regarding the influence of recent events on individuals' attitudes towards involvement in solving societal challenges.

- 1. Increased Awareness of Individual Responsibility:** The respondents acknowledged a heightened awareness of their personal responsibility towards society, driven by events such as the COVID-19 pandemic, war in Ukraine, and energy crises. These circumstances have prompted individuals to recognize the significance of their contributions in addressing societal challenges.

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- 2. Recognition of Existing Challenges:** The survey data indicates that individuals have become more aware of the social, economic, and environmental issues faced by communities. While concrete actions may not have been taken yet, the recognition of these challenges signifies a shift in mindset towards a more informed and engaged approach to societal issues.

- 3. Sense of Connection to Communities:** Respondents expressed a stronger sense of connection to their communities and the challenges they encounter. Recent events have fostered empathy and understanding, generating a deeper commitment to seek ways of addressing these challenges and contributing to positive change.

In conclusion, the survey's findings reflect a notable shift in attitudes and motivations among individuals, influenced by recent events. There is a greater awareness of personal responsibility, heightened recognition of existing challenges, a deeper connection to communities, and an increased interest in social entrepreneurship as a means of addressing societal issues. These insights suggest a positive trend towards greater engagement and a collective commitment to driving positive change in Cyprus and beyond.



3. LEARNINGS FROM EXISTING SES

3.1 Description of the involved respondents

Although the concept of social enterprise is still emerging in Cyprus and lacks a formal legal framework, the participants in this survey offer valuable insights into the evolving landscape of social business.

The survey engaged representatives from various organizations that embody the principles of social entrepreneurship. Five distinct social business profiles emerged, showcasing the innovative approaches adopted by these entities to address social and environmental challenges. The profiles include the Employment and Economic Empowerment, Artisanal Crafts Cooperative, Agriculture and Fair Trade Collective, Employment Reintegration and Support Services, and Affordable Housing and Community Revitalization Network.

These social business profiles exemplify the commitment of organizations in Cyprus to creating positive social impact through cooperative and sustainable models. Despite operating as social enterprises for relatively short periods, ranging from 2-5 years, these organizations have already made significant strides in their respective fields.

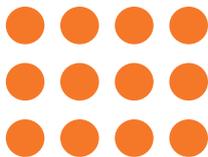
By understanding their operational realities, we can identify the support mechanisms and strategies needed to foster the growth of social entrepreneurship in Cyprus. The insights provided by the survey participants will serve as a valuable resource for policymakers, stakeholders, and individuals interested in the field of social entrepreneurship. This chapter aims to contribute to the development of a supportive ecosystem that nurtures and amplifies the impact of social enterprises in Cyprus.

3.2 Key elements for progress & lessons learned

The survey findings shed light on important aspects of starting a social enterprise. Respondents expressed diverse motivations, including empathy, care for the community, and personal traits, as well as a desire for sustainable livelihoods and the ambition to solve societal challenges. They employed various methods to define the challenges their businesses would address, including grassroots awareness, personal experiences, and classical market research. When choosing business models, respondents took different approaches, such as global exploration, natural ideation, and networking with experts and fellow social entrepreneurs. Innovation methodologies employed within social enterprises encompassed strategies like innovation mapping, brainstorming, and design thinking, emphasizing empathy and iterative prototyping. During the initial stages, support came in the form of financial assistance from public sector entities, support from family and friends, private sector investments, and in-kind resources and expertise.

These findings highlight the multifaceted nature of social entrepreneurship, from initial motivations to problem definition, business model selection, innovation methodologies, and initial-stage support.

The survey underscores the importance of addressing societal challenges while considering sustainability and engaging with local communities. The diverse range of motivations, problem-solving methods, and support sources emphasize the unique and adaptable nature of social enterprises. Such insights can guide aspiring social entrepreneurs in navigating the complexities of starting and running successful ventures that create positive impact in their communities and beyond.



3.3 Definition of success

Social enterprises define their success based on several key aspects that have played significant roles in their achievements. One crucial factor is the support systems they have access to, whether from the public or private sector. These support systems provide essential resources, mentorship, and guidance, contributing to the success of social enterprises. Another important aspect is having a strong business mindset and the necessary skills to navigate the entrepreneurial landscape effectively. This includes strategic planning, financial management, and other business-related capabilities.

Partnerships also play a vital role in the success of social enterprises. Collaborating with other organizations, both within and outside the social enterprise sector, allows for shared resources and the ability to create a collective impact. By forming strategic partnerships, social enterprises can leverage expertise, funding, and networks to achieve their goals.

Desk research further highlights successful approaches in the social enterprise sector. For example, establishing partnerships with government entities or established businesses has proven to be fruitful. Additionally, prioritizing community engagement and addressing local challenges directly have been key factors in achieving success.

These findings underscore the importance of support systems, business mindset and skills, and partnerships for the success of social enterprises. They serve as valuable insights for aspiring entrepreneurs and policymakers aiming to foster sustainable and impactful social entrepreneurship.

3.4 Impact of Recent Turbulences on Social Enterprises and the Role of Youth Engagement

Social enterprises have faced various challenges in managing their businesses. Balancing the dual objectives of impact and profitability has been a significant challenge, as it requires finding the right balance between financial sustainability and social mission. Another challenge is finding talent that shares the same passion and vision, particularly when offering lower salaries compared to other industries. Building partnerships with organizations that share values and goals has also proved to be a major challenge. Staying focused on the mission amidst competing demands and managing cash flow have been additional obstacles. Navigating the complex legal and regulatory environment in the sector and scaling impact while maintaining quality have posed challenges as well.

Since starting their enterprises, social entrepreneurs have learned important lessons. Building strong partnerships and networks has been recognized as crucial for amplifying impact. The value of staying flexible, adaptable, and responsive to changing landscapes has become evident. Effective storytelling has been learned as a powerful tool for connecting with stakeholders and inspiring support.

Self-care and resilience have been emphasized to manage the emotional and mental demands of running a social enterprise. Embracing experimentation and iteration has also been recognized as valuable for learning from failures and continuously improving.

The events of the past years, including the pandemic, energy crisis, and social conflicts, have influenced social enterprises in various ways. The pandemic, for example, has necessitated the adaptation of business models and the adoption of virtual strategies. It has also highlighted the importance of building resilience and exploring alternative approaches. The energy crisis has prompted a focus on sustainability and environmental impact. These events have reinforced the commitment of social enterprises to social justice, equity, and inclusivity.

For aspiring young social entrepreneurs, advice includes staying curious, seeking mentors and role models, starting small to make a tangible impact, embracing risk-taking and learning from failure, and considering sustainability and scalability from the outset. By sharing success and failure examples, social entrepreneurs can provide practical insights, inspire innovation, and highlight effective approaches that have led to positive outcomes.

4. CONCLUSION

The survey findings indicate that social entrepreneurship is emerging as a transformative concept in Cyprus, reflecting a shift towards a more inclusive and socially conscious approach to business. While profitability remains a primary objective, there is a growing recognition of the importance of integrating social goals and creating positive social impact alongside financial success. This insight can motivate youth to get more involved in social entrepreneurship as they witness the potential to make a meaningful difference and contribute to societal change.

The experiences of social enterprises can serve as powerful examples for youth. The diverse motivations of social entrepreneurs, such as empathy, sustainability, and the ambition to solve societal challenges, can inspire young individuals to explore social entrepreneurship as a career path. By highlighting the positive impact achieved through their work, social entrepreneurs can ignite the passion and drive of youth, encouraging them to pursue innovative solutions to pressing social and environmental issues.

To fill the gaps in the social enterprise ecosystem, the active involvement of youth is essential. With their fresh perspectives, creative ideas, and technological expertise, young individuals can bring new energy and innovation to the sector. Their active participation can help address challenges, drive forward-thinking approaches, and contribute to the growth and development of social entrepreneurship in Cyprus.

Support systems are crucial for the success of social enterprises, and youth can benefit from similar structures. By providing financial assistance, mentorship, and guidance, both from the public and private sectors, youth can overcome obstacles and navigate the entrepreneurial landscape more effectively. Creating an enabling environment that offers comprehensive support to youth-led social enterprises can foster their growth and sustainability.

Partnerships have played a vital role in the success of social enterprises. Youth can actively seek collaborations with established businesses, government entities, and community organizations to amplify their impact and leverage shared resources. By forging strategic alliances, youth-led social enterprises can tap into the expertise, funding, and networks of established stakeholders, enhancing their potential for creating meaningful change.

Engaging youth in social entrepreneurship brings a people-centered approach to the forefront. By actively involving young individuals in decision-making processes and providing platforms for their voices to be heard, social enterprises can ensure that their solutions address the needs and aspirations of future generations. The active participation of youth can promote inclusivity, diversity, and social justice, shaping a more equitable and sustainable future for Cyprus.

To further encourage youth involvement in social entrepreneurship, it is important to incorporate social entrepreneurship programs and courses in educational institutions. This will equip young individuals with the necessary skills and knowledge to pursue their entrepreneurial aspirations. Mentorship programs connecting experienced social entrepreneurs with aspiring youth can provide valuable guidance and support. Additionally, funding opportunities and grants targeted specifically at youth-led social enterprises can provide the necessary resources for their initiatives. Networking events, conferences, and workshops can facilitate collaboration and knowledge sharing among young social entrepreneurs, fostering a supportive ecosystem. Advocacy for policy changes and regulatory frameworks that support and incentivize youth engagement in social entrepreneurship is also crucial for creating an enabling environment.

By embracing the experiences of social enterprises and actively involving youth, Cyprus can cultivate a thriving ecosystem that harnesses the transformative power of social entrepreneurship to address societal challenges and create a more sustainable and inclusive future.





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