

# Young entrepreneurship in Cyprus: An institutional analysis

**Andreas Masouras**

Neapolis University Pafos,  
Cyprus

School of Economic Sciences and  
Business

ORCID:

0000-0001-8989-3930

---

**Abstract:** This article reviews the trends prevailing among young Cypriots as regards entrepreneurship, as well as their perceptions regarding the institutional obstacles to entrepreneurship, i.e. their potential and the opportunities they are given to do business. The main study objective of this article is to approach and analyze the way young persons embark on their ‘maiden voyage’ into entrepreneurship, in conjunction with other factors, which are explained below. The methodology used here is the questionnaires and the focus groups method.

**Key words:** entrepreneurship, young entrepreneurship, institutions, employment

---

## 1. Introduction

Young entrepreneurship is one of the most interesting fields of discussion in the context of an institutional analysis, since institutional processes and conditions have a major effect on the young people’s decisions regarding their future professional and business choices (Henrekson, 2006). Some young people, for example, choose employment, either in the public or the private sector, while the plans of other young people provide for self-employment (Hofstede et al., 2004). Such decisions are affected by market conditions, economic conditions, the support provided by the state or other agencies, as well as other parameters, such as the level of knowledge regarding the design of a business plan, as well as the knowledge that young people receive from their education system, for example through their universities (Sahinidis, 2015).

Young entrepreneurship can also be used as a measure for assessing various factors discussed in this article. For example, by means of the following analysis it is possible to assess the political and social environment, i.e. external factors that have a positive or negative effect on business trends, young or female entrepreneurship initiatives, as well as other activities (Sahinidis et al., 2014; Eesley, 2016).

Correspondence to:  
Andreas Masouras, PhD  
Neapolis University Pafos  
School of Economic Sciences and  
Business  
2 Danais Avenue  
Paphos, Cyprus  
Tel.: +357 2684 33 22  
E-mail: a.masouras@nup.ac.cy

## 2. Employment in the public or private sector, or self-employment?

A trend that should be investigated in the context of young entrepreneurship is precisely what the young people themselves want, or consider being the best and ideal option, as regards their professional careers. In order to investigate this trend, as well as the various opinions held by young people, three different questions were used as part of this research. The first question was about the option of becoming a private sector employee, asking respondents to define the extent of their willingness to pursue this professional option in the medium or long term and taking into account all pros and cons, e.g. financial, personal, social, etc. The same question was also asked in regard to becoming a public sector employee or a freelancer/ entrepreneur.

The following graph shows the responses in regard to the first question, i.e. the young people's desire to become private sector employees. On a scale of 0 to 4, where 0 is the minimum desire and 4 is the maximum desire, the majority of respondents, i.e. 35.8%, report a desire level of 2, while desire levels 3 and 4 also get high rates at 30.3% and 23.6% respectively, demonstrating that young people are to a great extent driven by the thought and the desire to be employed in the private sector.

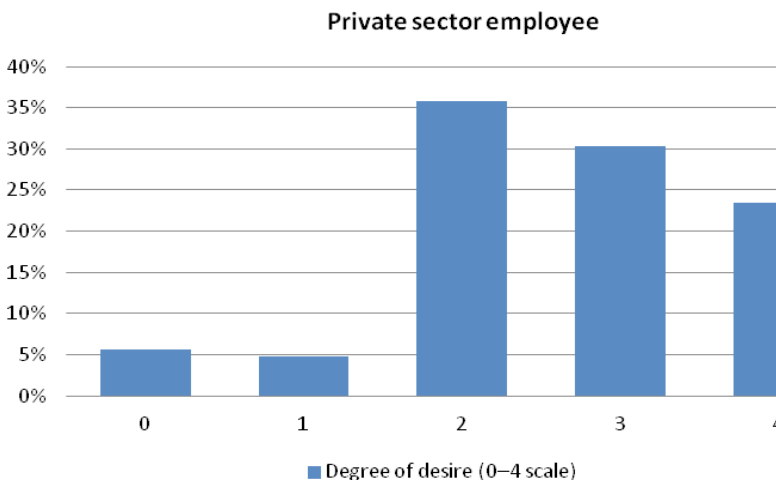


Figure 1. The desire for employment in the private sector

Source: Author's own elaboration.

The second question in this category is about the desire to be employed in the public sector. More specifically, the question is worded as follows: Public sector employee: Please rate your desire for this professional option in the medium or the long term, also taking into account all positive and negative factors, e.g. financial, personal, social etc. (on a scale of 0 = minimum appeal to 4 = maximum appeal). The following graph presents the answers in percentage form.

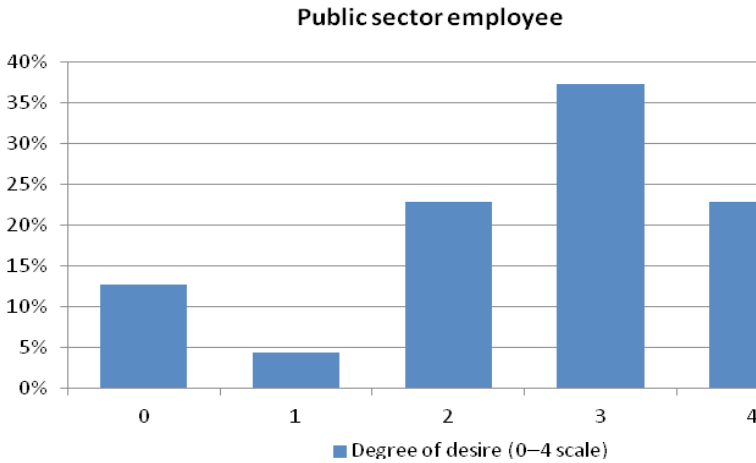


Figure 2. The desire for employment in the public sector

Source: Author’s own elaboration.

We can see that the desire for employment in the public sector has a lead over the private sector, as the majority of respondents (37.3%) give it a 3 rating, while a substantial, and almost equal to the corresponding question for the private sector, 22.8% gave it a 4 rating.

When asked if they have ever considered setting up their own business, the majority of respondents answered ‘strongly’, while equal numbers of respondents considered it ‘a lot’ and ‘a little’, followed by ‘fairly’, while ‘not at all’ comes last with a very small percentage. We could say that the young people’s inclination to set up their own business is strong, at least—as examined here—at the initial consideration stage.

The same inference can be drawn from the question ‘Have you ever considered setting up your own business?’ Therefore, the answers given to this question are independent from the above variables, in the sense that someone has probably considered setting up their own business, irrespective of whether they desire, at the same time, to be employed in the private or the public sector. We should always keep in mind, after all, that young people are generally concerned with the issue of their professional career, and therefore it is reasonable to come across various trends that, quite often, coincide. This is, after all, demonstrated by the results of this research. The following diagram illustrates the strong inclination of young people to consider setting up their own business, albeit without overlooking the high percentage of young people who barely considered such a possibility.

The above results can be used to extract very useful comparative conclusions. For example, while our data show that a large portion of young people take a positive stance towards employment in the private or public sector, at the same time they are seriously considering, or at least have given some thought to, setting up their own business. This also leads to the conclusion that entrepreneurship plays a decisive role, and is of particular concern for young people, and this will be discussed later on.

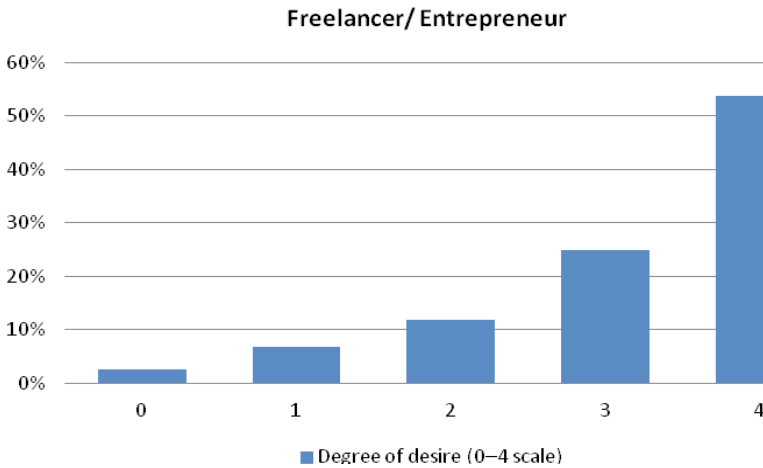


Figure 3. The desire for self-employment

Source: Author's own elaboration.

### 3. Difficulty of setting up a business

A key issue of concern for this research is the young people's perceptions of how difficult it is to set up a business. That said, at this stage of the research it is not clear what type of business they have in mind at the outset; albeit this is a follow-up issue. This is due to the fact that the difficulty of setting up a business is closely related to the type of business and how a person conceives of the business they wish to create. This is why in the following questions we are trying to determine whether the respondents have an, at least, elementary knowledge of how to draft a business plan, a feasibility study, etc. The main concern of this research, though, is the fact that the difficulty of setting up a business is affected by various obstacles, which are rated in our research and were also discussed as part of the theoretical analysis of this research.

As regards the question: 'Rate the possibility of setting up your own business in the next five (5) years', we can precisely see that the majority of young people lacks the certainty and, more importantly, the planning, although, as we saw above, most young people considered, or merely gave some thought to, creating their own business. This uncertainty is evident in the responses to this specific question. In other words, whereas 26.8% say that it is possible to set up their own business in the next five years, and 23.5% say that it is maybe possible to set up their own business in the next five years, in contrast 26.3% say that this scenario is neither possible nor impossible, and 16.8% say that it is maybe impossible. Moreover, 6.7% say that this is impossible.

This picture is reversed in the following question, which calls respondents to: 'Rate the possibility of setting up your own business in the next ten (10) years.' The percentage of those who answered 'It is possible to set up my own business in the next ten years' is almost doubled in comparison to the corresponding question regarding the possibility for the next

five years. More specifically, this response, i.e. whether it is possible to set up one’s own business in the next ten years, is chosen by 44.4% of respondents, while ‘maybe possible’ is chosen by 20.8%, since a portion shifts from this possibility to the ‘it is possible’ scenario, i.e. they believe that the scenario of setting up their own business in the next ten years is, indeed, possible. The answer ‘neither possible, nor impossible’ is chosen by 24.7%, while the percentage of persons who say that it is ‘maybe impossible’ is dramatically reduced to 4.5%, as compared to 16.8% in the previous question. Also, 5.6% say that this is impossible.

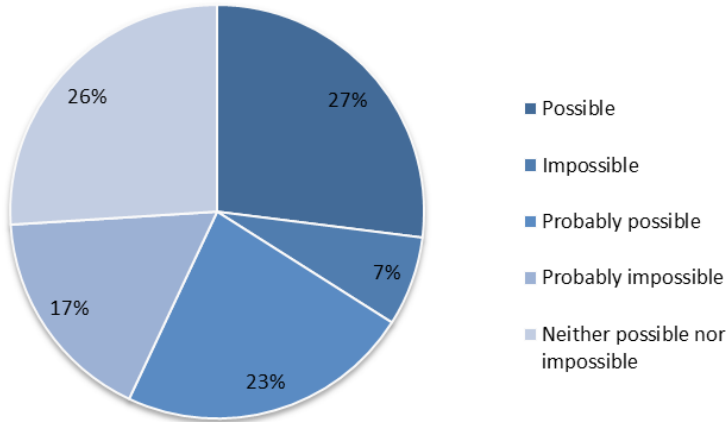


Figure 4. Young people’s perception of the possibility of setting up their own business in the next five years

Source: Author’s own elaboration.

At this point, however, it is important to see whether the young people are aware of the practical details of setting up one’s own business. And by practical details—although the question is a general one—we mean all the practical and bureaucratic steps one must make in order to set up their own business. For example, formation of a company and a legal entity, registration with the tax authorities, registration of trade name, etc. As regards this question, 41% of respondents replied that they are a little aware of the practical details, 19.1% said they are not aware at all, and 39.9% said that they are aware of the practical details.

The next two questions are about the ‘Young Entrepreneurship’ and ‘Female Entrepreneurship’ programmes. What we actually want to examine by means of these two questions, is whether the respondents are aware of these programmes and, if yes, to what extent. In essence, both questions ‘fit in’ with the preceding one, given that a person who is aware of the practical details of setting up a business will most probably be aware, or will have simply heard, of these two programmes, which provide for the subsidisation of part of the cost of setting up a business, on the basis of specific criteria.

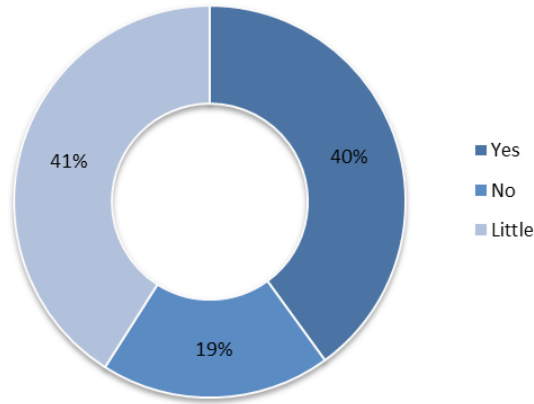


Figure 5. Practical details of setting up one's own business

Source: Author's own elaboration.

The first question was: 'Are you aware of the "Young Entrepreneurship" programme?' Almost 28.5% gave an affirmative answer, i.e. they know about the young entrepreneurship programme. Moreover, 29.1% gave a negative answer, i.e. they knew nothing about this programme. In addition, 19.6% said that they are a little aware of this programme, while 22.9% replied that they have simply heard of this programme.

In the corresponding question about female entrepreneurship, which was put as: 'Are you aware of the "Female Entrepreneurship" programme?', 25.7% gave an affirmative answer, i.e. they know about the female entrepreneurship programme.

#### 4. The influence of external factors (institutions)

One of the key subjects of this research, which were also discussed on the theoretical level, are the various external factors that may have a positive or a negative influence on any form of entrepreneurship. In the context of this questionnaire we focus on four external factor axes: political, social, cultural, and economic. As discussed at length on the theoretical level, external factors determine entrepreneurial actions, decisions, and choices. The most important fact is that these external factors are independent of firms, which are practically unable to do anything to alter them. What can be done, however, is to take into account the characteristics of these factors, in order to come up with the relevant business decisions and actions.

In the field of young entrepreneurship, in particular, young people seem to be particularly influenced by external factors and are very concerned of whether they are able to make entrepreneurial steps. As demonstrated below, the young people's decisions are affected by various deterrents. The following variables are based on the PESTEL approach, wherever—as stated previously—it was used for isolating the characteristics of the political, social, social/cultural and economic factors.

The first question made in this section is whether the political environment in Cyprus is conducive to the creation of businesses by young people. 52% replied 'a little' and 24% 'not

at all', both high percentages which paint an exact picture of the young people's disillusionment with the political environment, and also illustrate the extent to which this factor deters young people from taking their first entrepreneurial steps. Almost 20.7% gave an affirmative reply, i.e. they said that the political environment in Cyprus is 'very' conducive to the creation of businesses by young people.

The second item examined in this research is the social environment and, more specifically, the question was whether the social environment in Cyprus is conducive to the creation of businesses by young people. We can infer by the results that the young people's perception of the overall society and how it can influence their business decisions is different from their perception of the political environment. In other words, their perceptions of the effect of the political environment on their decision to do business are different from their perceptions of the effect of social environment on their decision to do business. At least this is shown by the responses of the persons who completed this questionnaire. More specifically, 41% replied 'a little', in contrast with 52% who replied 'a little' in the case of the effect of the political environment on their business activity.

The third item is about the cultural environment and, more specifically, the question was put as follows: 'Is the cultural environment (culture, civilization) in Cyprus conducive to the creation of businesses by young people?' This question specifically examines how the various cultural trends within society, as well as how the culture and the people's way of thinking, in general, have a positive or negative influence, and to what extent, on the young people's decision to set up their own business. In other words, whether the cultural environment encourages young people to do business. So, 33.7% said that the cultural environment in Cyprus is 'fairly' conducive to the creation of businesses by young people, while 39.9% replied that the cultural environment in Cyprus is 'a little' conducive to the creation of businesses by young people. Moreover, 8.4% replied that it is 'very' conducive, and 3.4% replied that it is 'very much' conducive. Finally, 14.6% gave a negative reply, in other words that the cultural environment in Cyprus is 'not at all' conducive to the creation of businesses by young people.

The final item that is discussed here in the context of the external factors that have a positive or negative influence on the development of young entrepreneurship in Cyprus is the economic environment. In other words, how the economic situation affects the young people's initiative-taking and decision-making regarding their business activity. Given the economic crisis and instability, the analysis of this external factor is particularly interesting. In this instance, the question was put as follows: 'Is the economic environment in Cyprus conducive to the creation of businesses by young people?' It therefore leaves the field open for the respondents themselves to explain how they perceive the economic crisis. For example, someone may perceive the economic environment in terms of the difficulty to obtain financing (e.g. getting a loan from a bank) or in terms of the economic crisis, which imposes tougher terms of competition in the market. So, 35.4% of respondents give a negative answer, i.e. that the economic environment in Cyprus is 'not at all' conducive to the creation of businesses by young people, and 37.6% say that it is 'a little' conducive. Almost 20.2% say that the economic environment in Cyprus is 'fairly' conducive, 4.5% say that it is 'very' conducive, and, finally, 2.2% say that it is 'very much' conducive.

## 5. Comparative analysis vis-à-vis the findings of the focus groups<sup>1</sup>

Interesting evidence are also extracted from the conversations conducted with the participants, through the use of the focus group method. Multiple focus groups were conducted, with a specific number of participants who were selected by means of a screening process (each potential participant was interviewed separately).

The agenda of the conversation does not differ from the philosophy of the aforementioned questionnaire, albeit it has been adapted in a way that facilitates debate and interactivity. Therefore, the broad axes on which the conversation with the groups was conducted are the following: direct and indirect objectives as regards the professional occupation of young people; how do young people perceive the creation of a business and, in general, how do they picture the concept of a ‘business’ in their own mind; whether they are aware of any practical difficulties and, in general, procedures required for setting up and creating a business; whether they already have any ideas and how innovative these ideas are; and, finally, whether the overall environment in Cyprus is conducive to this. Surely, the focus group conversations give rise to many other subjects of interest, which will be presented below, as part of a content analysis.

The first fact that was established through the focus group discussions is the reason why someone creates or wishes to create their own business. This was the opening discussion point made by the moderator, with the aim of encouraging and starting the conversation. Some of the participants said that they would like to create their own business because they do not wish to be employees and obey the orders of any superior. Others said that, although they would like to create their own business since this offers them independence and room for manoeuvre, at the same time they are concerned that setting up a business may be a huge risk. Risk aversion is related to the following findings of the discussion on institutional, economic and other obstacles, which may possibly prevent or hinder the creation of businesses by young people.

A common point of reference for focus group participants are the institutional and economic obstacles that exist as regards the financing of young entrepreneurship. Most young people have heard of the financing schemes, but only a small group actually got into the trouble of researching them. This is evident in the discussions conducted with the participants. Apart from that, the majority of participants believe that there are many obstacles that prevent young people from actually getting in the process of applying for funds. As a matter of fact, a significant portion of participants think that it is a waste of time to apply for financing through a programme (e.g. the young entrepreneurship programme), since they believe that success mainly lies in the person-hours one will spend in order to create their own business.

The discussion progressed on exactly that pattern, emphasizing institutional and economic obstacles. For example, one of the points that were extensively discussed was the fact that the young entrepreneurship financing programme provided by the Republic of Cyprus through the Youth Board fails to cover actual financing requirements, as the applicants must, in practice, demonstrate that they possess the remaining 60 or 70% in order to be eligible for the remainder of the financial support, and thus the overall procedure becomes arduous since,

---

<sup>1</sup> The focus group sessions were recorded in video and some of them have been posted on YouTube.



according to the participants of the focus group discussions, young people are not financially independent, and the procedures for getting a bank loan are complex and difficult.

Moreover, the discussions also referred to family, as an institution that provides substantial support to the young people's business ventures. Most participants argued that those young people who enjoy financial or other (e.g. real property) support from their family can do business more easily. Actually, participants referred to personal examples from their own experience and from the family businesses some of them own. This is exactly where a difference in perception, between those who have their own family business and those who have not, emerged. Those who do not have their own family business believe that the process of developing a business is very difficult, also expressing a fear of borrowing, failure, and bankruptcy.

A participant to these groups said that what is really necessary is capital and an idea. Moreover, certain participants referred to the use of technologies that facilitate the development of innovative business activities. In this case the participants referred to the examples of companies that are based in Cyprus and mainly operate online. The participants also believe that the use of new technologies can boost services and improve customer service.

When compared with the findings of the questionnaire, the findings of the focus group seem to be in agreement and point to certain issues for a more in-depth discussion. For example, for the question referring to the young people's own perception of the possibility of setting up their own business in the next five years, or in the next ten years, we can clearly see the similarity between the data from the questionnaire and the data from the focus groups, and we can also see that they are consistent with each other in quantitative (questionnaire) and qualitative terms (focus groups). The young people's perceptions of entrepreneurship are the same in both methods. As regards this specific question, participants to the focus groups provide detailed explanations of exactly where their hesitation and concern for setting up their own business lies. Their main concern lies with institutional and economic factors. Institutional factors include the legal framework of which they are probably not knowledgeable yet, the difficulty to obtain financing, and the lack of government incentives. What is, therefore, more evident in the focus group discussion is the young people's perceptions of institutions.

As regards incentives, the participants believe that the state should offer more incentives to young people who make their first entrepreneurial steps, for example, tax incentives and easier financing procedures.

The participants also referred to female entrepreneurship, since some of them did research on this specific financial assistance programme. In fact, they believe that it is important that women are targeted through this programme, since this encourages an even larger part of the population to do business through smart ideas. That said, they did not fail to refer to the difficulties of obtaining financing, since these are the same with those of the young entrepreneurship programme. Participants believe that these programmes should become more flexible. If these qualitative data obtained from the focus groups are compared with the quantitative data from the questionnaire and, in particular, the question about female entrepreneurship ('Are you aware of the "Female Entrepreneurship" programme?'), we can see that there is indeed some relativity. In the quantitative analysis, 51.4% said that they are not aware of the female entrepreneurship programme, 9.5% said that they have simply heard of it, 13.4% said

that they know a few things about the programme, and 25.7% said that they are aware of it. This matches with the qualitative findings of the focus groups, since the discussions showed that only certain participants were aware of the programme, since they actually took the trouble of researching it, while the rest of the participants were either not aware, or had simply heard, of the existence of a scheme for enhancing female entrepreneurship.

Moreover, participants do not believe that any sex is superior to the other in terms of the ability to create or lead a business. They believe that the two sexes are equal in terms of entrepreneurship and that any abilities are mainly related to the personality of each individual. Another key feature pointed out by the participants is experience.

At this point, those participants to the focus groups who said that they are aware of the female entrepreneurship programmes were asked how they knew about it, i.e. which sources they used to obtain information. Most participants said that initially they sought information online and then they turned to the official agencies for additional information about the application procedure.

Some of the participants are involved in the tourist sector through their family businesses and this turned the discussion towards business examples from that sector. This was very interesting, since these examples helped us form an even better understanding of the characteristics of family businesses and, above all, their concern about the lifecycle of the business, and how it will be passed to the next generation. In other words, whether they will continue with the same business, upgrade it, or turn it onto something altogether new. In any case, they believe that the fact the family provides them with a space (e.g. a store) is a great help for them.

A question that gave rise to a heated discussion among the participants is whether they believe that the Turkish invasion of Cyprus had an impact on the nature of entrepreneurship on the island and to what extent. Most participants believe that it had a negative impact, since the country lost territories that could be exploited by the primary sector of its economy. They were also negative in regard to the opening of the barricades, since the uneven tax policies of the north and the south create a 'two-tier' market. The participants said that entrepreneurship can only be enhanced through the effective and actual reunification of the island, and not through the mere opening of a barricade, which gives rise to other problems.

The discussions also demonstrated that education is inextricably linked with entrepreneurship. The participants emphasized the role of universities and whether they provide young people with the requisite means and knowledge for creating their own business. The participants almost unanimously agreed that the universities offer knowledge that acts as the basis for their future business activity, but, at the same time, believe that experience is a key element, which cannot be obtained in any university.

Finally, an interesting feature of the discussions was the continuous reference to innovation and innovative enterprises. It was interesting mainly for the following reason: because most participants did not have any in-depth and effective knowledge of the business aspects of the concept of innovation, albeit they were aware of, and understood, the importance of innovation in terms of financing, i.e. the fact that their proposal for the development of a business plan must include innovation and, by extension, they understand the importance of innovation for the viability of an enterprise.

As part of a discussion on innovation, some of the participants referred to their own business ideas, arguing that innovation does not always cost a lot to implement, but may be a simple thing, or a plain procedure, such as a simple differentiated intervention in customer service that is not applied by any other competitor, or is not applied at a sufficient extent in the geographical area where a business operates.

Table 1 is a codification of the qualitative data variables, as extracted through the focus group discussions:

Table 1. Classification of the variables as suggested by the focus groups of our research

Field of discussion	Data
Reasons to set up a business	<ul style="list-style-type: none"> <li>– Independence</li> <li>– Room of manoeuvre</li> <li>– Risk in regard to success</li> </ul>
Obstacles (institutional/ economic)	<ul style="list-style-type: none"> <li>– Insufficient information about support/ financing programmes</li> <li>– Procedural difficulties</li> <li>– Non-viable financing procedure</li> <li>– Legal framework</li> <li>– Political</li> </ul>
Other supporting institutions	<ul style="list-style-type: none"> <li>– Family</li> <li>– Education (university)</li> </ul>
Expertise	<ul style="list-style-type: none"> <li>– Knowledge of the design and implementation of a business plan</li> <li>– Knowledge of technology</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>– Need for tax incentives</li> <li>– Need for easier financing procedures</li> </ul>
Market-competition	<ul style="list-style-type: none"> <li>– Market characteristics</li> <li>– Business characteristics and types</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>– Economic dimension of innovation</li> <li>– Innovation expertise</li> </ul>

Source: Author's own elaboration.

Kourilsky and Walstad (1998), in their study on young entrepreneurship in the United States twenty years ago, and using the qualitative approach with focus groups in their methodology, came up with interesting evidence about the young people's views and attitudes; however, the most interesting fact is that their findings have a lot in common with our own research, that is to say with the case of Cyprus, twenty years later. For example, both sexes exhibit a low level of entrepreneurial knowledge. Women, however, are more aware of their shortcomings in this knowledge field than men. Both sexes believe that further education can remedy the problem of the lack of knowledge. This is exactly what we encountered in the focus groups of our research. Namely, that the knowledge of young people is inadequate, for example as regards the young entrepreneurship financial assistance programmes, but, at the same time, we saw that some women were better informed about the female entrepreneurship programme.

We can also find similarities with another study, by Adetayo (2006), which concerns a totally different case, more specifically the case of Nigeria, albeit also examines the young

people's perceptions of entrepreneurship and, in particular, the programmes for the support of young entrepreneurship, and also employs a qualitative methodology. For example, the young people of Nigeria see many deterrents as regards the institutional factor. Nonetheless, in the same study the young Nigerians exhibit a willingness to learn and be informed about programmes for the support of young entrepreneurship. Moreover, they generally wish to learn (through education) about entrepreneurship, because they believe that this is how they will develop their business skills.

In the above two cases, the comparison is made because it is interesting to see how two countries that are totally different and have totally different characteristics (United States–Nigeria) both from each other and from the country examined in our research, i.e. Cyprus, have so important common features of an institutional and essential nature.

A case of a country with characteristics similar to those of Cyprus is the case of Croatia, since it is one of the 'small nations'. In their study, Cuckovic and Bartlett (2007) argue that a key motivation not only for young entrepreneurship, but also entrepreneurship at large, is the tax incentives regime, and that the Croatian government has designed and implemented such tax incentive policies for encouraging entrepreneurship. However, the focus group research performed by Cuckovic and Bartlett (2007) confirmed that most owners and managers of small and medium-sized enterprises believe that the tax system should be better adapted to their specific needs. The tax incentives issue was discussed above, in the case of our research in Cyprus, through the primary data we extracted.

Of particular interest is the case of Greece. An interesting study, which explores the views and perceptions of Greek public university students who have taken business studies, is that by Fafaliou (2012). According to this study (2012), almost half of the responding students (46.5%) were positively disposed towards entrepreneurship despite the difficulties and the obstacles they could possibly encounter during the stage of the conception of the idea and the early start of the business venture. Moreover, the study concludes that 34.7% of respondents already had a clear idea of the type of business they wanted to get involved with. In comparison, we can see that in our case as well, many of the participants in the focus groups developed their own business idea, and some of them actually realized it.

Another thing in common of our research with the study by Fafaliou (2012) is the fact that although the majority of participants said that they were not prepared to become self-employed in terms of adequate knowledge or experience, it is still a preferable option than working as salaried employees. Despite the large number of concerns also expressed in the study (2012) as regards the difficulties they expect to encounter at the stage before and after they start creating their business, 46.5% of respondents expressed the desire to set up their own business.

Since we are referring to university students, a further issue that it would be interesting to mention here is that of the correlation between a person's academic discipline and the profession they actually pursue or wish to pursue in the future, as well as what really influences such a decision. This issue is interesting precisely because it focuses on the institution of family and the way it affects the future decisions of young people. This because, as we saw from the focus group data of our own research, the institution of family plays—in the case of Cypriot youths—a key role in business choices and decisions, and is both an institutional and

an economic factor. Referring to the case of Greece, Vasiliadis and Poullos (2007) argue that the family is a major support for young people, at least at the first stages of developing their business ventures. However, according to the research by Vasiliadis and Poullos (2007), the results of this study suggest that Greek university graduates start their own businesses, and this can be explained by the high rates of entrepreneurship among Greeks, which is comparable to the European average. Moreover, the authors (2007) say that ‘graduates startup a business based on family resources or on their own funding and they don’t use banking loans or community funding. Moreover, with regard to the affinity of object of study of the entrepreneurial activity, it appears that the answers of graduates are not homogeneous, while they are differentiated, depending on the faculty of graduation’ (p. 80). This quote is important, since it actually says that young people do not trust banks. This, of course, was exacerbated by the banking crisis, which, especially in the case of Cyprus, played a major role. Therefore, the institution of traditional family remains the principal source of financing.

We should not overlook the fact that entrepreneurship is directly related to unemployment (Mariana-Cristina, 2014). Mariana-Cristina (2014) argues that ‘Youth entrepreneurship could help develop young people’s personality, identify new ways of employment and poverty reduction, and transform the society in general’ (p. 580). After all, the ultimate goal of the various national strategies for enhancing young entrepreneurship, female entrepreneurship and, in general, entrepreneurship, is to support employment and the entry of young people in the labour market. Kretsos (2014) points out that one of the outcomes of the Greek economic crisis and the bailout was the declining strength of young people in the Greek labour market, owing to the implementation of wide-ranging austerity policies and the consequent growth of insecure employment and youth unemployment since the first financial assistance deal of 2010. Therefore, the economic situation is directly related with unemployment and, by extension, with the labour market.

The institution of education and, more specifically, tertiary education, plays a major role in the overall development of entrepreneurship. We have already referred to many cases of surveys conducted within universities and to the views of the students, precisely because universities are an important hotbed of entrepreneurship-related knowledge and ideas. This is, after all, why universities must incorporate entrepreneurship courses, mostly of a practical nature, in order to act as brainstorming hotbeds, and as links to the labour market. Morris et al. (2017), based on data collected in 25 countries, argue that the extent and type of the students’ involvement in business activities are related to the syllabus (i.e. whether entrepreneurship is actually taught in the universities), and they are also related to the knowledge offered to the students regarding direct financing programmes, which determines whether they will immediately embark on a business venture or not. The prior experience some students possess—either directly through their family environment, or in connection with various entrepreneurship-related university initiatives—is conducive to setting up their own business. Even the difficulties encountered by young people in regard to financing may have a positive effect, provided they are considered as prior business experience. Moreover, in their study Morris et al. (2017) discuss the consequences of this situation and the measures that could be taken. This is also argued in the study by Stamboulis and Barlas (2014), i.e. the necessity to mobilise universities towards this direction, while Kakouris (2008) further specifies the discus-

sion, by incorporating innovation as an integral part of entrepreneurship. As, after all, shown above, innovation is one of the key discussion topics of the focus groups we examined.

In their study, Apergis and Fafaliou (2014) examine the determinants that affect the tendency of young Greek university students to create a new business venture. Their study identifies many institutional obstacles, for example bureaucracy, an issue that was also dealt with in our own research. The author's research (2014) also identifies the following major factors: risk propensity, prior experience in leadership, missing available time and the place of performing work.

As a concluding comment on the Greek case, we should mention the argument made in the book by Petkovic and Williamson (2015) that, although the Greek education system (from the early childhood education) is lacking in terms of the basic entrepreneurship skills it offers to young people, Greek youths believe, as mentioned above, that they possess the necessary means and knowledge to start their own business and, as a matter of fact, the relevant percentage is one of the highest in Europe.

The case of Cyprus was extensively discussed above, along with the analysis of the primary data. An interesting distinction as regards Cypriot enterprises is the one made by Hadjimanolis (2008) between small and larger enterprises, pointing out that the problems and obstacles faced by a business are obviously related to its size. Moreover, Hadjimanolis (2008) also deals with the issue of entrepreneurial education in Cyprus, and more specifically higher education. As in the above references to the Greek case, the author (2007) argues that entrepreneurship is an integral part of the social and economic process, and this is why it must be incorporated into the various levels of the Cypriot education system.

An interesting issue in the case of Cyprus—which was also mentioned in the focus group discussions—is that of the political problem caused by the Turkish invasion of 1974. Howells and Krivokapic (2009) approach entrepreneurship under the prism of the political issue, from the point of view of the Turkish Cypriots (whereas our primary data approached the issue from the point of view of Greek Cypriot youths). Thus, according to the authors (2009), Turkish Cypriots take a very positive stance towards the opening of the barricades, since they believe that it will benefit their businesses. They also believe that it will strengthen their commercial relations with the European Union.

Finally, an interesting subject that should be mentioned here—although it is not a subject of our primary research—is entrepreneurship among the Cypriots of the diaspora. It would be interesting for a future research to deal with this issue, since many Cypriots fled abroad after the Turkish invasion of 1974 and did business there. Panayiotopoulos (1996) deals with this issue and examines the business activity of Cypriots in London. He mainly emphasizes the role played by ethnic communities in the development of business activity among their members.

## References

- Apergis, N., Fafaliou, I. (2014). The determinants of business start-ups in tertiary education: Evidence for Greece through a panel data approach. *Journal of Economics and Finance*, 38 (2), 287–301.
- Cuckovic, N., Bartlett, W. (2007). Entrepreneurship and competitiveness: The Europeanisation of small and medium-sized enterprise policy in Croatia. *Southeast European and Black Sea Studies*, 7 (1), 37–56.

- Dioneo-Adetayo, E. A. (2006). Factors influencing attitude of youth towards entrepreneurship. *International Journal of Adolescence and Youth*, 13 (1–2), 127–145.
- Eesley, C. (2016). Institutional barriers to growth: Entrepreneurship, human capital and institutional change. *Organization Science*, 27 (5), 1290–1306.
- Fafaliou, I. (2012). Students' propensity to entrepreneurship: An exploratory study from Greece. *International Journal of Innovation and Regional Development*, 4 (3–4), 293–313.
- Hadjimanolis, A. (2007). Entrepreneurship education in Cyprus: From humble beginnings to a promising future? *Journal of Business and Society*, 20 (1–2), 46–59.
- Hadjimanolis, A. (2008). Entrepreneurship policy in Cyprus. *International Journal of Entrepreneurship and Small Business*, 6 (4), 562–582.
- Henrekson, M. (2007). Entrepreneurship and institutions. *Comparative Labor Law and Policy Journal*, 28 (4), 717–742.
- Hofstede, G., Noorderhaven, N. G., Thurik, A. R., Uhlaner, L. M., Wennekers, A. R., Wildeman, R. E. (2004). Culture's role in entrepreneurship: Self-employment out of dissatisfaction. In: T. E. Brown, J. Ulijn (eds.). *Innovation, entrepreneurship and culture: The interaction between technology, progress and economic growth* (pp. 162–203). Cheltenham and Northampton: Edward Elgar. ISBN 9781843763468.
- Howells, K., Krivokapic-Skoko, B. (2009). The dilemma of the Turkish Cypriot entrepreneur: The view from the 'Green Line'. *International Journal of Business and Globalisation*, 4 (1), 4–17.
- Kakouris, A. (2008). On initial implementations of innovation and entrepreneurship courses: A case study for undergraduates at the University of Athens. In: N. Marriot (ed.). *3rd European Conference on Entrepreneurship and Innovation, the University of Winchester, UK, 15–16 September 2008* (pp. 121–129). Reading: Academic Publishing. ISBN 9781906638146.
- Kourilsky, M. L., Walstad, W. B. (1998). Entrepreneurship and female youth: Knowledge, attitudes, gender differences, and educational practices. *Journal of Business Venturing*, 13 (1), 77–88.
- Kretsos, L. (2014). Youth policy in austerity Europe: The case of Greece. *International Journal of Adolescence and Youth*, 19 (Supplement 1), 35–47. DOI: 10.1080/02673843.2013.862730.
- Mariana-Cristina, G. (2014). Entrepreneurship, a solution to improve youth employment in the European Union. *Management Strategies Journal*, 26 (4), 580–588.
- Morris, M. H., Shirokova, G., Tsukanova, T. (2017). Student entrepreneurship and the university ecosystem: A multi-country empirical exploration. *European Journal of International Management*, 11 (1), 65–85.
- Panayiotopoulos, P. I. (1996). Challenging orthodoxies: Cypriot entrepreneurs in the London garment industry. *Journal of Ethnic and Migration Studies*, 22 (3), 437–460.
- Petkovic, S., Williamson, H. (2015). *Youth policy in Greece: Council of Europe international review*. Strasbourg: Council of Europe. ISBN 9789287180872.
- Sahinidis, A. G. (2015). Entrepreneurship education impact on entrepreneurial intention and its antecedents. In: *Proceedings of the Conference 'Science in Technology' SCinTE 2015*. Athens: TEI of Athens.
- Sahinidis, A. G., Vassiliou, E. E., Hyz, A. B. (2014). Factors affecting entrepreneurs' intention to start a new venture: An empirical study. *International Journal on Strategic Innovative Marketing*, 1 (3), 148–162.
- Stamboulis, Y., Barlas, A. (2014). Entrepreneurship education impact on student attitudes. *The International Journal of Management Education*, 12 (3), 365–373.
- Vasiliadis, A., Poullos, T. (2007). Entrepreneurship among graduates: Reality and prospects in tertiary education. *Proceedings of the Academy of Entrepreneurship*, 13 (1), 75–82.

## Młoda przedsiębiorczość na Cyprze – analiza instytucjonalna

**Abstrakt:** W artykule dokonano przeglądu opinii na temat przedsiębiorczości dominujących wśród młodych Cypryjczyków, ze szczególnym uwzględnieniem

postrzeganych przez nich przeszkód instytucjonalnych. Skupiono się na potencjale młodych ludzi i na możliwościach, jakie uzyskują oni jako przedsiębiorcy. Głów-

nym celem artykułu jest obserwacja i analiza sposobu, w jaki młodzi ludzie rozpoczynają swoją „dziewiczą podróż” w kierunku przedsiębiorczości w połączeniu z czynnikami opisanymi jako przeszkody. Zastosowana metodologia to kwestionariusze i metoda grup fokusowych.

**Słowa kluczowe:** przedsiębiorczość, młoda przedsiębiorczość, instytucje, zatrudnienie

---