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ENTREPRENEURSHIP IN PROJECT PARTNER
COUNTRIES

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Entrepreneurship

The most popular start-up hubs of Europe remain London and Berlin. However, Europe is home to some other, less well known, innovative start-up hubs. Some of these are easily accessible and attractive for entrepreneurs. Europe's economic growth and jobs depend on its ability to support the growth of enterprises, according to the European Commission.¹ Entrepreneurs create new companies, open up new markets and nurture new skills. The most important generator of employment in Europe are Small and Medium-sized enterprises. Besides the creation of jobs, entrepreneurs can create social change too. Through the introduction of new goods and services, entrepreneurs can break through tradition and indirectly support freedom by reducing dependence of obsolete systems and technologies, and eventually improve quality of life and economic freedom.

Definition of an Entrepreneur

To be an entrepreneur is to be willing and to have the capacity to develop, organise and manage a business venture along with any of its risks in order to make a profit, according to the Business Dictionary. Entrepreneurship is the ability to turn ideas into action, it requires creativity, innovation, risk taking, organising skills and management skills².

Definition of a start-up

According to Business Dictionary, A start-up is an enterprise that is in the early stage of its life. The entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business and initiating operations or trading in this phase.³

Challenges

Depending on the country, entrepreneurs in Europe face some obstacles. In some countries the obstacles might be less challenging than in others. However, in Europe in general entrepreneurs might find the following challenges:

- Lack of education, as education can offer the right foundation for an entrepreneurial career
- Difficult access to finance and markets
- Difficulties in transferring businesses
- The fear of 'punitive' sanctions in case of failure
- Burdensome administrative procedures (European Commission).

¹ European Commission: https://ec.europa.eu/growth/smes/promoting-entrepreneurship_en

² Business Dictionary Entrepreneurship: <http://www.businessdictionary.com/definition/entrepreneur.html>

³ Business Dictionary Start-up: <http://www.businessdictionary.com/definition/startup.html>





Cyprus

Cyprus is a small island in the Mediterranean but a popular destination for entrepreneurs. According to Cyprus Mail, Cyprus is a great location for technology and start-ups. The numbers of entrepreneurs choosing to locate their start-ups headquarters in Cyprus have risen over the years. According to Cyprus Mail the location of Cyprus plays a leading role in the decisions.⁴ The island is the gateway into the European markets. On the other hand, it offers an entrance onto the middle eastern market. Furthermore, Cyprus has a business friendly environment, Cypriots speak English very well and the legal and accounting framework is easily accessible and understandable. Operational costs are substantially lower than in mainland Europe and Cyprus' economy growing at a fast rate. The main reason for locating in Cyprus is that the corporate tax regime is favourable and expatriate executives receive tax breaks. Moreover, there are a lot of places to work, there is free Wi-Fi everywhere. Cyprus offers a lot of opportunities for entrepreneurs to develop themselves. An example of such an opportunity is called ARIS. A Really Inspiring Space is a project launched by Deloitte in cooperation with the Bank of Cyprus. ARIS is the creation of an idea stage acceleration programme for aspiring entrepreneurs. The aim of this project is to create an inspiring space for talented young people to work from, in order to develop and mature their innovative business ideas.

Bulgaria

According to Sofia Invest, Bulgaria is not one of the usual destinations when entrepreneurship is discussed. However, the country has an emerging start-up ecosystem that is growing and spreading from Sofia, to other big cities.⁵ The growth of mainly export driven start-ups is not a result of any specific policy change or development but is more a natural process. Although, the European Union allocated funding to private funds and let them operate as venture capital firms. Thus, despite the lack of policies, entrepreneurs found their way to Bulgaria. In 2012, two start-up accelerators were founded in the capital city Sofia, as part of the JEREMIE initiative. It was funded by the EU through the Ministry of Economy in Bulgaria. As a result, 180 innovative start-ups were founded. Sofia ranked third in terms of the number of accelerated start-ups in Europe in 2013 and 2014, according to Startup Heatmap Europe. Most of Bulgaria's start-ups are in the field of ICT, as it is the most attractive for investors. However, with this comes the challenge for entrepreneurs in other sectors, that have more difficulties finding the funds for their start-ups. According to Move.bg's annual survey 2017, digital entrepreneurship in Bulgaria is mainly export-driven, 78 per cent of the companies operate on foreign markets.

Estonia

Estonia is the most entrepreneurial country in Europe, according to the World Economic Forum. The country is the number one entrepreneurial hotspot in Europe, a result of the WEF's research on Europe's hidden entrepreneurs. Estonia has a high rate of total-early stage entrepreneurial activity and an above average rate of entrepreneurial employee activity. Almost 80 per cent of businesses started in Estonia are opportunity-driven and the country is often viewed as a model for entrepreneurial oriented policies.⁶ The country has a big entrepreneurial community. In the early 1990s, the Estonian government initiated reforms to innovate the market. The entrepreneurial community has a good relationship with the Estonian government and their

⁴ Cyprus Mail: <https://cyprus-mail.com/2017/09/06/reasons-companies-choose-cyprus/>

⁵ Sofia Invest: <http://investsofia.com/en/201617-gem-national-report-on-entrepreneurship-in-bulgaria/>

⁶ Estonian World (WEF): <http://estonianworld.com/business/wef-estonia-europes-entrepreneurial-country/>





voice is being heard. Moreover, Estonia offers e-residency to anyone in the world who would like to start an online business. According to E-Estonia, Estonia is often called the most digitally advanced country in the world. You can do almost everything online. Furthermore, the reason for Estonia's great entrepreneurial environment is the competitive tax system. It is the most competitive in the developed world in the last three years, according to the International Tax Competitiveness Index. Another reason to entrepreneurs choose Estonia is the low cost of living. Although it is very affordable to live, the quality of life is high at the same time.⁷

Spain

Rodrigo Martinez, Early Stage Tech investor of the venture capital fund Point Nine Capital, says that entrepreneurship is experiencing a good phase in Spain.⁸ Investors are willing to invest their money in internationalising Spanish companies. Spain is not very well known for its entrepreneurs and it is not a very popular location for start-ups. However, there are entrepreneurs trying to make a change. An example of an organisation that is trying to make a change is the semi-public fund NUMA Growth. Under the umbrella of NUMA, funded by the EU, 30 Spanish and international start-ups will be accelerated over three years with a funding of nearly 5 million euros. To continue, there are other companies supporting entrepreneurs such as BBVA, which received an European award for its support of start-ups. BBVA expanded its fund for investing in start-ups to 250 million dollars. These funds are meant for supporting investments in start-ups in the fields of technology and finance.

Italy

When discussing entrepreneurship in Italy, mainly the challenges of doing business in the country come up. Italy ranks 79th of 180 countries for economic freedom. Italy seems to be unable to change and innovate its market, despite reforms.⁹ However, despite the fact that Italy is not the best place to start a business, the country has many innovative entrepreneurs. The reason Italy is not attractive for start-ups is the tax burden and bureaucracy. Moreover, the funding process is quite difficult compared to other European countries, it is hard to find good investors in the country. Also, Italy lacks of a good national start-up hub. Despite the unattractive conditions of the Italian start-up market, there are entrepreneurs who are trying to make a change. Such as PoliHub Polytech Incubator, which is managed by Fondazione Politecnico di Milano and supported by the city of Milan. Furthermore, there are many talented entrepreneurs in various fields willing to innovate and change the Italian start-up market.

Greece

Small and medium enterprises cover around 45 per cent of Greece's employment. SMEs had a hard time during the crisis, as mentioned before, SMEs are the backbone of the EU's economy. However, during this crisis there was a growing amount of Greek entrepreneurs with the aim to build a new generation of innovative, technology based enterprises. According to Forbes, Greece always had strong leaning towards entrepreneurship, with a high number of businesses per capita. The crisis forced a change in the perception of entrepreneurship, with the need to restore growth through entrepreneurship becoming essential. With this change comes challenges, entrepreneurs in Greece face obstacles regarding financing, guidance and

⁷ E – Estonia: <https://e-estonia.com/why-is-estonia-a-startup-paradise/>

⁸ Rodrigo Martinez for BBVA: <https://www.bbva.com/en/extraordinary-change-spanish-entrepreneurship/>

⁹ Entrepreneur Italy: <https://www.entrepreneur.com/article/307930>





networking on a global and on a local level. As seen in other countries, in Greece too, investors mainly focus on tech start-ups. In 2013, more than 50 per cent of the total investment in start-ups went to tech enterprises.¹⁰

Poland

Over the past decade, Poland has become a home for entrepreneurs. The start-ups mainly focused on app design and outsourcing. Half of Poland's start-ups export abroad and around 60 percent are self-funding start-ups.¹¹ Poland is the second largest ICT market in Central and Eastern Europe. Within this sector, there more than 500.000 enterprises. In 2015, of those enterprises 2.400 were start-ups. Most of Poland's start-ups are located in three cities: Warsaw, Krakow and Poznan. In every one of those cities the entrepreneurial community is different. For example, in Krakow start-up founders are more familiar, supportive and interested in what the other entrepreneurs are doing according to Euronews.¹² On the other hand, in Warsaw, the entrepreneurial environment is less familiar, more widespread and strictly professional. In general, Poland is a good option for entrepreneurs as there is a large entrepreneurial community. However, the challenges entrepreneurs face, mostly in the ICT sector, is that start-ups tend to focus on the local market while they are a part of a large ICT market. Even on the local market big ICT companies can form competition.

Romania

Entrepreneurship is popular amongst Romanian youth. About 80 percent of the Romanians under 30 have a positive attitude towards starting their own enterprise. Also, the value entrepreneurship and believe that it is important to focus on entrepreneurs and start-ups.¹³ Since 2010, the development of start-ups in Romania has grown as was the number of entrepreneurs in the country. In 2013, 49 percent of the total of all the companies were individual entrepreneurs. In the last year, entrepreneurial programs in Romania gained more participants, the networking is stronger and the number of business events has increased significantly. On the contrary of the other countries discussed who focus mainly on the tech industry, Romanian entrepreneurs find their work in other sectors. The main sectors are the oil industry and many entrepreneurs became suppliers for large companies. Another sector Romanian entrepreneurs are interested in is the wood and furniture.¹⁴

¹⁰ <http://blogs.lse.ac.uk/greeceatlse/2018/02/01/greek-entrepreneurship/>

¹¹ Face Entrepreneurship Poland : <http://www.face-entrepreneurship.eu/en/blog/articulos/what-s-the-entrepreneurship-ecosystem-like-in-poland>

¹² Euronews, start up success Poland: <https://www.euronews.com/2018/04/03/start-up-success-in-poland>

¹³ <https://nato.mae.ro/en/romania-news/2712>

¹⁴ <http://business-review.eu/news/analysis-promoting-entrepreneurship-in-romania-sergiu-negut-we-are-stuck-with-creating-brands-for-the-local-market-126951>





Lithuania

Like its neighbouring country Estonia, Lithuania is becoming more and more attractive for entrepreneurs. Lithuania is becoming more competitive, innovative and profitable for entrepreneurs. Another factor that attracts entrepreneurs is the government efficiency development and the institutional framework and business legislation improved in the past years. Moreover, the business start-up procedures are efficient which makes it attractive for entrepreneurs.¹⁵ According to Invest Lithuania, Lithuania is one of the most innovative in Europe. The start-up community in the country is active and upcoming and 100 million USD has been invested in the recent years. Examples of successful start-ups from Lithuania are Getjar, a mobile app store and Pixemator, an image editor that was voted best iPad app in 2014.¹⁶

¹⁵ <https://www.startuplithuania.com/news/lithuania-climbs-to-the-top-by-global-ranking-of-entrepreneurship/>

¹⁶ <https://investlithuania.com/news/forbes-lithuania-is-among-top-5-entrepreneurial-hubs-in-europe/>

