



REPUBLIC OF CYPRUS
MINISTRY OF FINANCE



STATISTICAL SERVICE
OF CYPRUS
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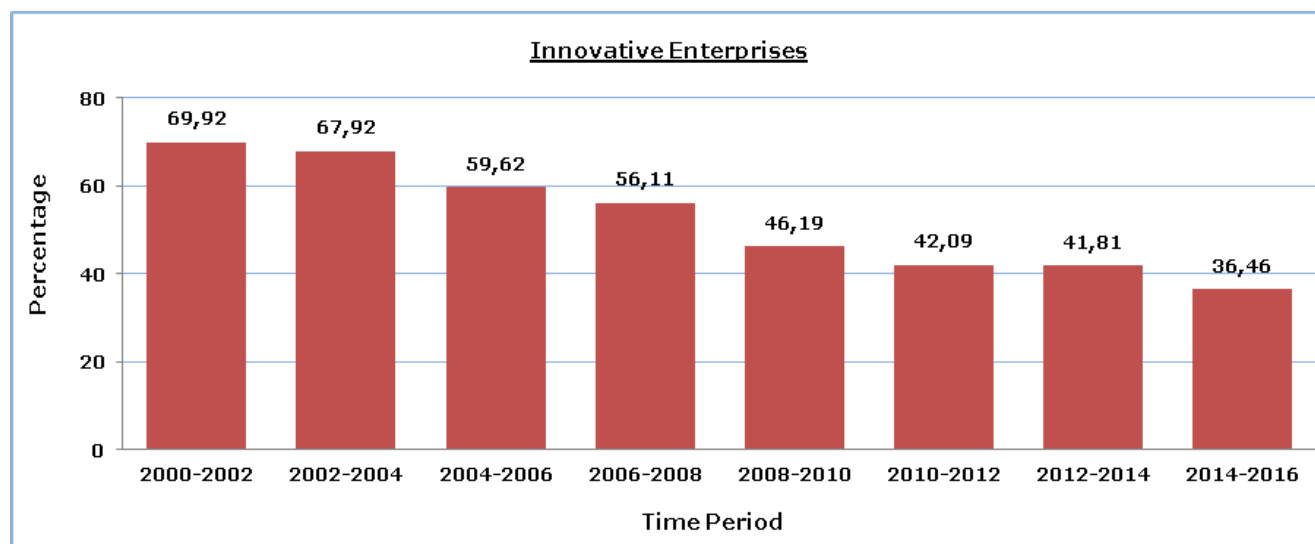
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PRESS RELEASE

INNOVATION IN CYPRIOT ENTERPRISES, 2014-2016

According to the results of the Innovation Survey, carried out by the Statistical Service among enterprises with 10 or more employees, 36,5% of the enterprises covered had some form of innovation activity during the period 2014-2016.

FIGURE 1: PERCENTAGE OF ENTERPRISES WITH INNOVATION ACTIVITIES, 2000-2016



In Industry, this percentage was 38,1% while in Services, it was 35,6%.

An 8,2% of the population of enterprises was involved only in (product and/or process) technological innovation, 7,3% only in non-technological (organisational and/or marketing) innovation and 21,0% in both technological and non-technological innovation.

With regard to the size-class breakdown, the larger the enterprise the more likely it was to have had some form of innovation activity during this period: 33,3% for enterprises employing 10-49 persons, 49,8% for enterprises with 50-249 employees and 62,5% for enterprises with 250 and more employees.

Innovative enterprises reported the following as the hampering factors to innovation with the highest degree of importance: the existence of too much competition in the enterprise's market (47,3%), too high innovation costs (36,1%), the lack of internal finance for innovation (35,2%), the difficulties in obtaining government grants or subsidies for innovation (34,2%), the lack of credit or private equity (29,3%), the uncertain market demand for the enterprise's ideas for innovations (20,7%) and others (26,1%).

Enterprises with no innovation activity reported that the factors with the highest degree of importance in preventing innovation were: low demand for innovations in the enterprise's market (37,6%), the existence of prior innovations (30,0%), the existence of very little competition in the enterprise's market (24,0%), the lack of good ideas for innovations (13,7%), the lack of internal finance for innovation (5,1%), the difficulties in obtaining government grants or subsidies for innovation (4,6%), the very high innovation costs (4,3%), the lack of credit or private equity (4,0%) and others (13,8%).

METHODOLOGICAL INFORMATION

Coverage and Reference Period

The Innovation Survey was carried out during the fourth quarter of 2017 with reference period 2014-2016. The aim of the survey, which was carried out for the eighth time in Cyprus, was the collection of data about new or significantly improved products and processes and other related activities such as organisational and marketing innovation. The previous waves of the Innovation Survey were carried out for the reference periods 2000-2002, 2002-2004, 2004-2006, 2006-2008, 2008-2010, 2010-2012 and 2012-2014.

The survey covered only enterprises with 10 or more employees. The population of the survey numbered 1.753 enterprises, active in one of the following branches of economic activity:

Industry

- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water supply; sewerage, waste management and remediation activities

Services

- Wholesale trade, except of motor vehicles and motorcycles
- Transportation and storage
- Information and communication
- Financial and insurance activities
- Architectural and engineering activities; technical testing and analysis
- Scientific research and development
- Advertising and market research

Methodology

The survey was based on the core questionnaire adopted by all EU Member States within the context of the Community Innovation Survey (CIS 2016). The survey was carried out in accordance with the provisions of the Commission Regulation (EC) No 995/2012. To enable international comparisons, the definitions and concepts of the Oslo Manual, developed by the Organisation for Economic Co-operation and Development (OECD), were used.

Data Collection and Sources of Data

The survey was primarily carried out by personal interview at the enterprises' premises. Since the majority of the questions posed related to strategic planning and management issues, efforts were made to ensure that the interviews were carried out either with the general manager or with other senior staff of the enterprise who would be familiar with its performance, objectives and prospects.

Definitions

Technological innovation is a new or significantly improved product (good or service) introduced to the market or the introduction within an enterprise of a new or significantly improved process. Innovations are based on the results of new technological developments, new combinations of existing technology or the utilisation of other knowledge acquired by the enterprise.

Innovations should be new to the enterprise concerned; for product innovations they do not necessarily have to be new to the market and for process innovations the enterprise does not necessarily have to be the first to have introduced the process. In addition, it is not of interest whether innovations were developed by the innovating enterprise or by another enterprise. However, purely selling innovations wholly produced and developed by other enterprises are not included as an innovation activity.

Organisational innovation is the implementation of new or significant changes in firm structure or management methods that are intended to improve the enterprise's use of knowledge, the quality of goods and services or the efficiency of workflows. The innovation must be the result of strategic decisions taken by management. Mergers and acquisitions, even if for the first time, are excluded.

Marketing innovation is the implementation of a new marketing concept or strategy that differs significantly from the enterprise's existing marketing methods and which has not been used before. It requires significant changes in product design or packaging, product placement, product promotion or pricing, that aim at increasing the appeal of goods and services or entering new markets. Seasonal, regular and other routine changes are excluded.

For more information:

Statistical Service (CYSTAT) Website, subtheme [Innovation](#)

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