

## Indicators of enterprises' participation in HRDA's activities 2015-2021

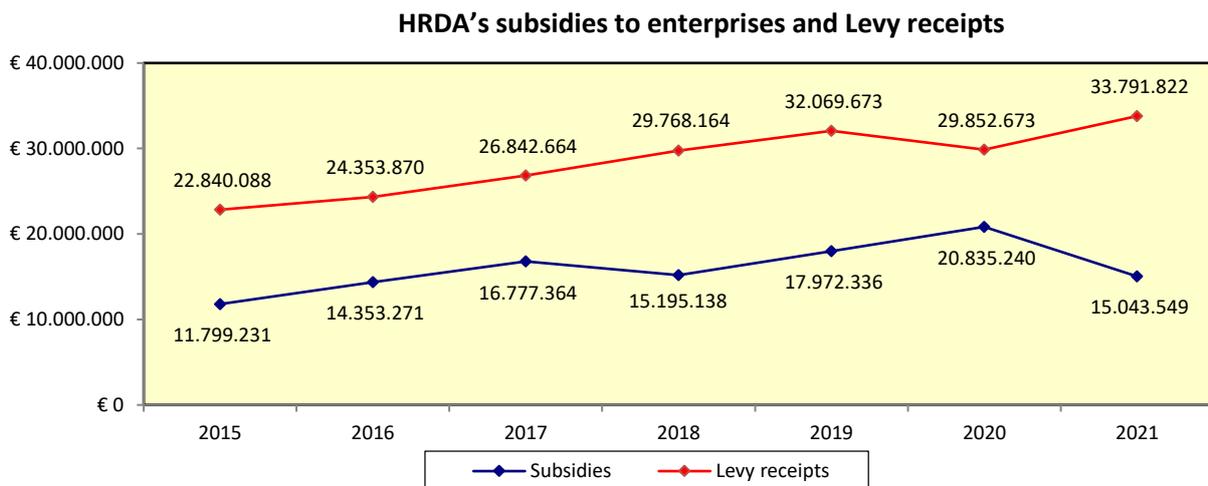
The HRDA considers the assessment and evaluation of its activities and its overall contribution towards the Cypriot economy and society to be of vital importance. The aim is to identify any possible weaknesses and discrepancies so as to take appropriate policy decisions and corrective measures while promoting accountability, good governance and transparency.

In this context, the HRDA established the periodic preparation of the study "Indicators of enterprises' participation in HRDA's activities". The main objective of the study is the analysis of the participation in HRDA's activities during the period 2015-2021. The study analyses the number of enterprises which participated and received subsidies, the number of eligible enterprises which paid the Human Resource Development Levy (henceforth referred to as "Levy"), the subsidies provided to enterprises by the HRDA and the Levy paid by enterprises.

The analysis includes those Schemes for which the enterprises receive a subsidy for the participation of their employees and does not include all the HRDA's Schemes from which they benefit, such as the Schemes for the training and job placement of unemployed persons in enterprises for the acquisition of work experience.

### A. Overall picture of coverage indicators for the HRDA's activities

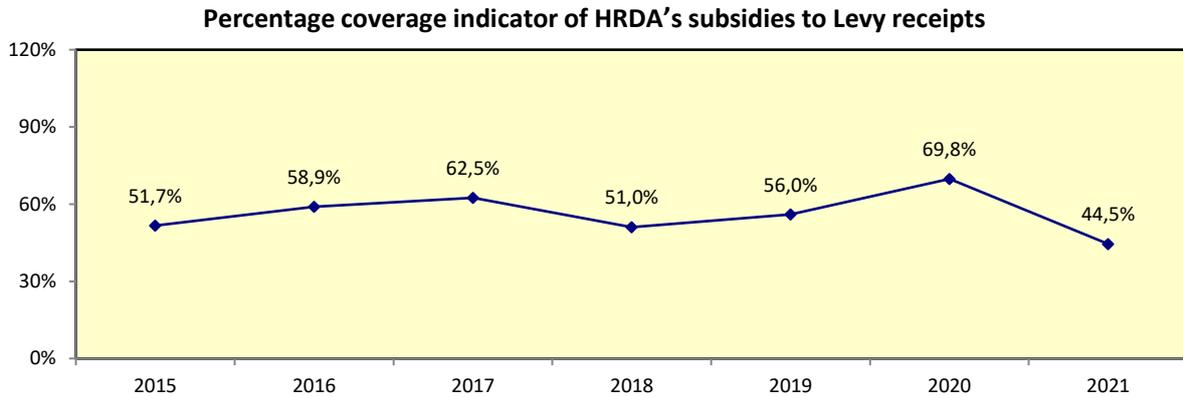
The HRDA's subsidies to enterprises exhibited a significant increase over the period 2015-2020, while in 2021<sup>1</sup> they dropped significantly to €15,0m<sup>2</sup> (-27,8% compared to 2020). On the contrary, Levy contributions from enterprises declined in 2020 and recovered in 2021, rising to €33,8m (+13,2% compared to 2020).



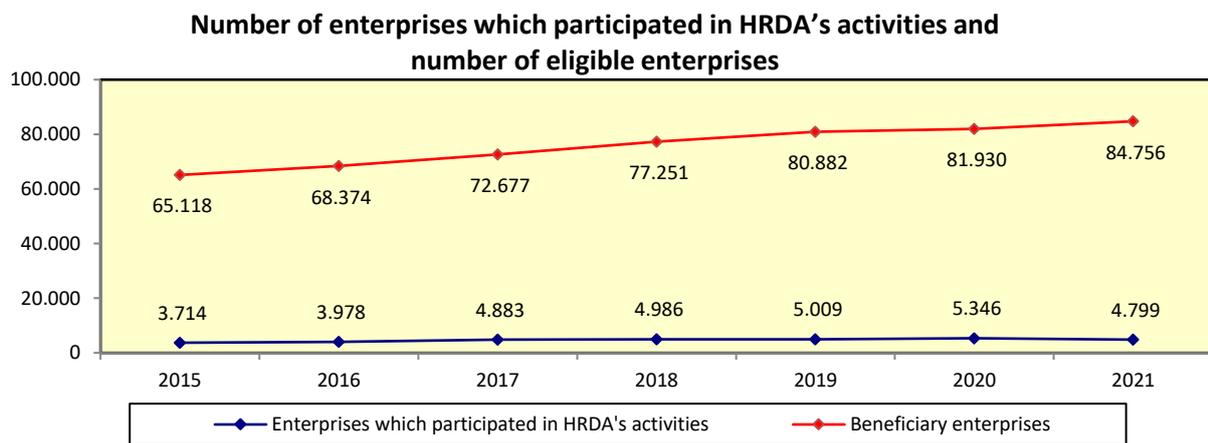
<sup>1</sup> A significant number of applications for subsidy were pending and under review at the end of 2021, estimated at €10.159.000 (2020: €8.341.000).

<sup>2</sup> In 2021, the total HRDA's expenditure for training and human resource development, including the Schemes for the unemployed, amounted to €18.163.994 (2020: €21.887.118). Thus, the subsidies granted to enterprises correspond to 82,8% (2020: 95,2%) of total expenditure.

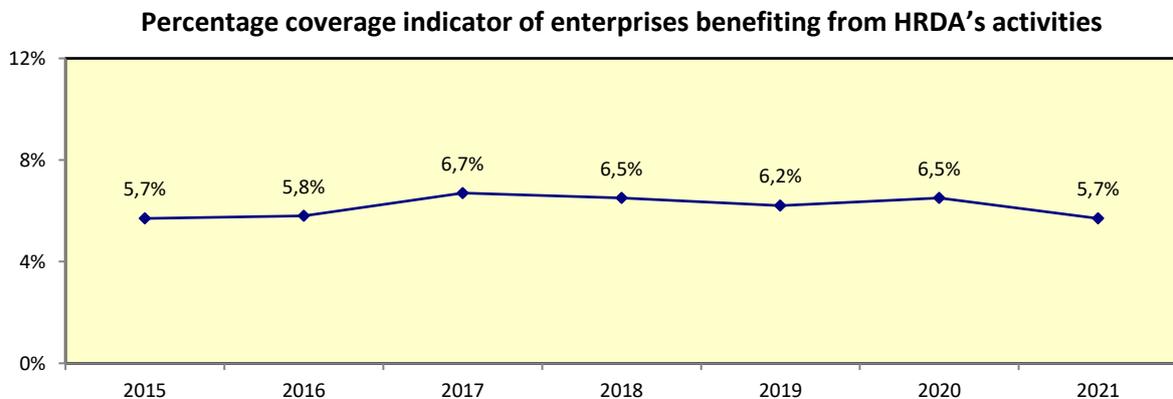
The percentage coverage indicator of HRDA's subsidies to Levy receipts is calculated by dividing subsidies with Levy receipts. In 2021, the indicator decreased significantly to 44,5% compared to 69,8% in 2020, a year in which the indicator increased significantly.



In 2021, the number of enterprises which participated in HRDA's activities that provide subsidies to enterprises, exhibited a significant decrease and reached 4.799 enterprises (-10,2% compared to 2020), while the number of eligible enterprises increased to 84.756 (+3,4% compared to 2020).



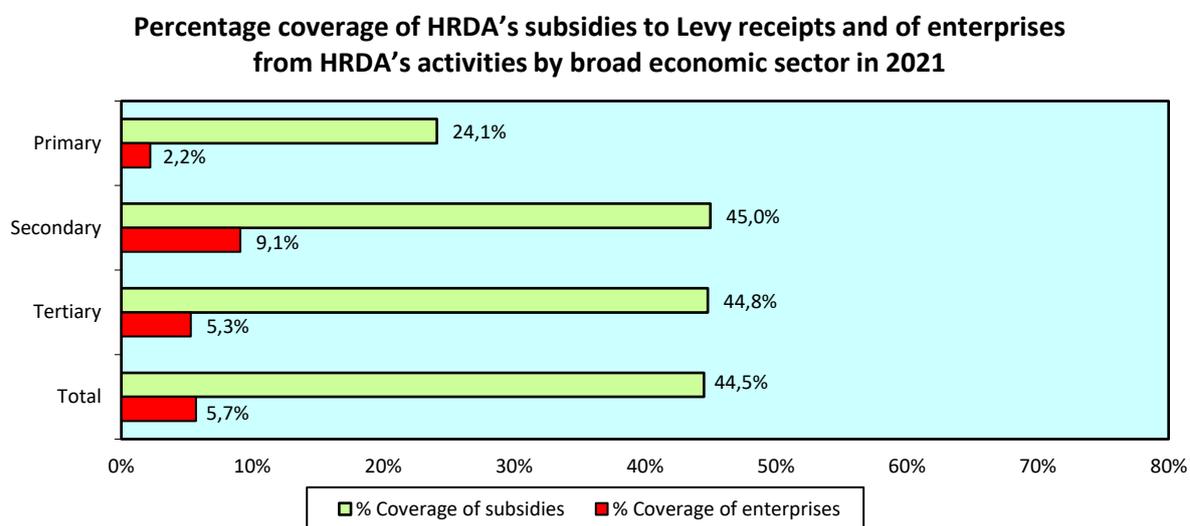
The percentage coverage indicator of enterprises benefiting from HRDA's activities that provide subsidies to enterprises, is calculated by dividing the number of participating enterprises with the number of eligible enterprises. In 2021, the indicator exhibited a decrease and reached 5,7% compared to 6,5% in 2020.



It must be noted that this decrease does not reflect a corresponding decrease in HRDA's activities as by the end of 2021, a significant number of applications for subsidy, estimated at €10.159.000 (2020: €8.341.000), were still under review.

## B. Coverage indicators by economic sector in 2021

In 2021, the secondary sector<sup>3</sup> had the highest percentage coverage of HRDA's subsidies to Levy receipts and of enterprises from HRDA's activities (45,0% and 9,1% respectively). On the contrary, the primary sector<sup>4</sup> had the lowest percentages (24,1% and 2,2% respectively). In the tertiary sector<sup>5</sup>, the percentage coverage of subsidies was 44,8% and the percentage coverage of enterprises was 5,3%.



The economic sectors with the highest percentage coverage of subsidies in 2021, were the Professional, scientific and technical activities, Health and social work activities, Hotels and restaurants, Mining and quarrying, Water supply, sewerage, waste management and remediation activities and Manufacturing. Correspondingly, the sectors with the highest percentage coverage of enterprises were Mining and quarrying, Water supply, sewerage, waste management and remediation activities, Public administration and defence, Manufacturing, Education and Professional, scientific and technical activities.

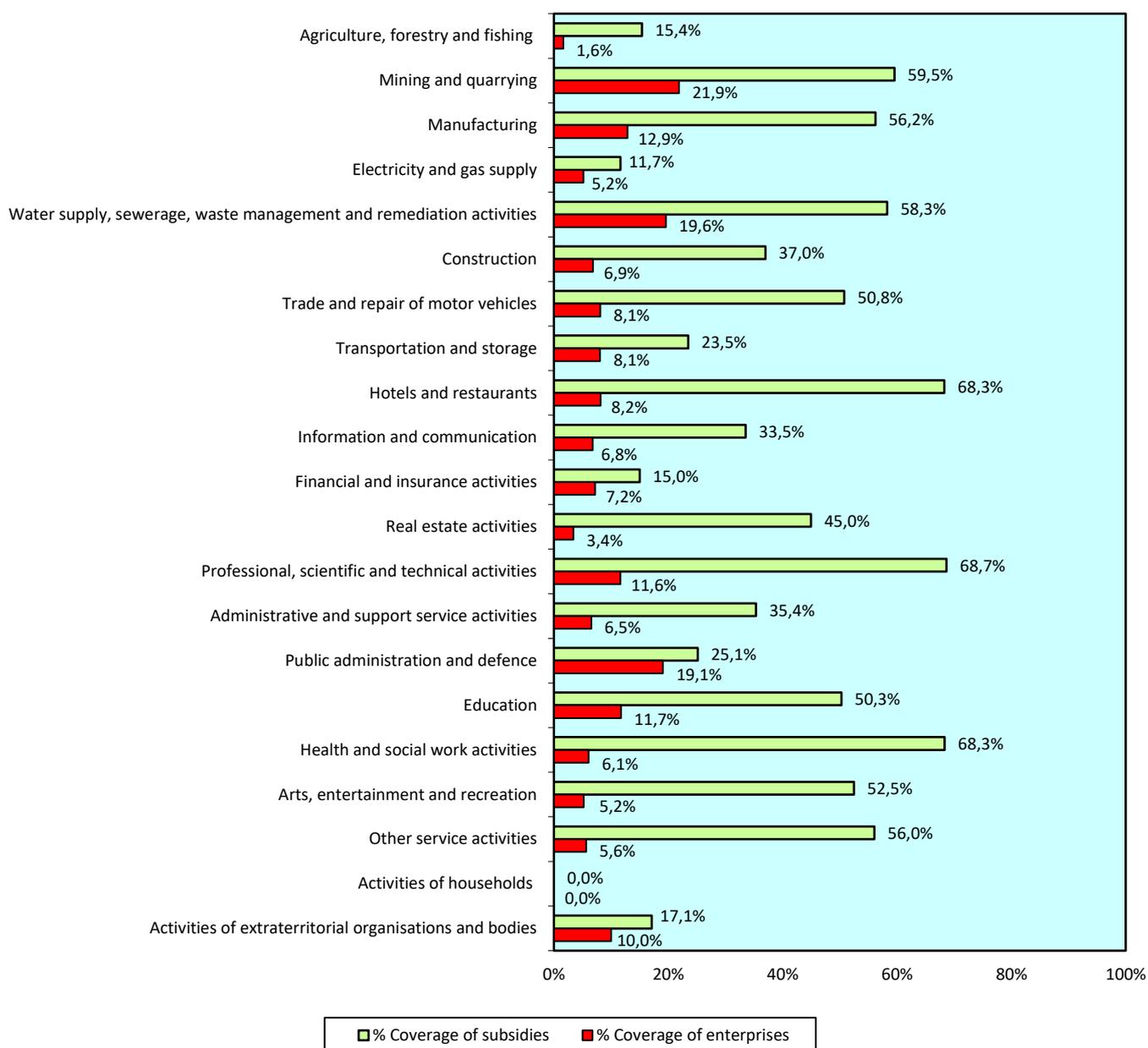
Excluding the Activities of households, the economic sectors with the lowest percentage coverage of enterprises are Agriculture, forestry and fishing, Real estate activities, Arts, entertainment and recreation and Other service activities. Possible reasons for the low participation could be the characteristics of these sectors, such as the small size of enterprises, the difficulties they encounter for releasing their staff and the limited provision of training programmes that meet their needs. The targeted provision of training activities, taking into consideration the characteristics of each sector, combined with the provision of appropriate information for the availability of such programmes, are important factors for increasing their participation.

<sup>3</sup> The secondary sector includes the following economic sectors: Manufacturing, Electricity and gas supply, Water supply, sewerage, waste management and remediation activities and Construction.

<sup>4</sup> The primary sector includes the following economic sectors: Agriculture, forestry and fishing and Mining and quarrying.

<sup>5</sup> The tertiary sector includes the following economic sectors: Trade and repair of motor vehicles, Transportation and storage, Hotels and restaurants, Information and communication, Financial and insurance activities, Real estate activities, Professional, scientific and technical activities, Administrative and support service activities, Public administration and defence, Education, Health and social work activities, Arts, entertainment and recreation, Other service activities, Activities of households and Activities of extraterritorial organisations and bodies.

**Percentage coverage of HRDA's subsidies to Levy receipts and of enterprises from HRDA's activities in the 21 main economic sectors in 2021**



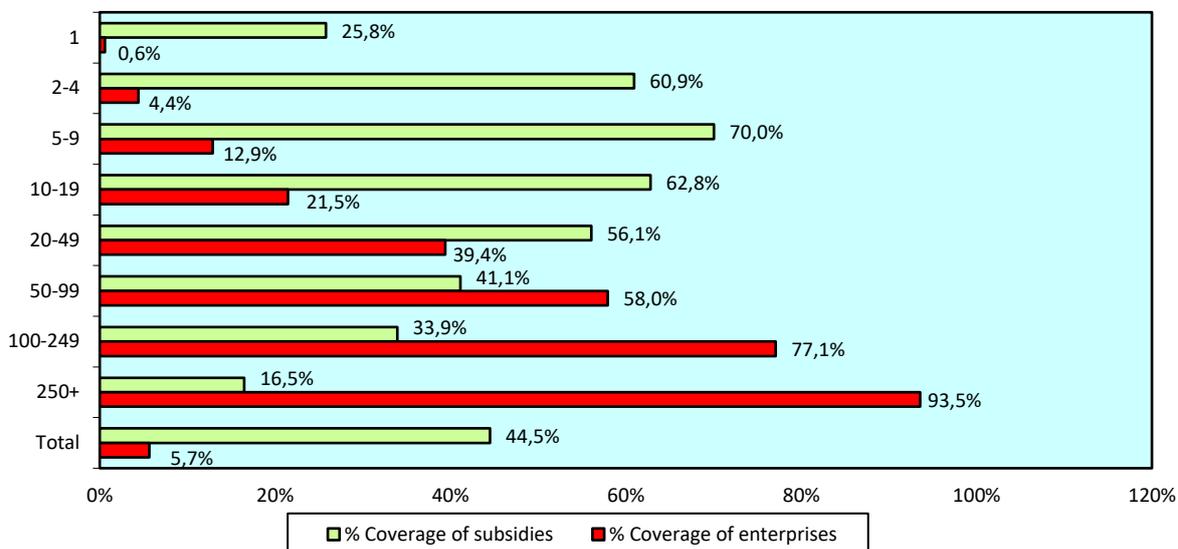
**C. Coverage indicators by size of enterprise in 2021**

Although the participation of small enterprises in HRDA's activities is quite low, they seem to benefit more, with considerable subsidies, compared to the rest, since they have the highest percentage coverage of subsidies. This indicates the important benefits that small enterprises participating in HRDA's Schemes enjoy.

The limited participation of small enterprises in HRDA's activities reflects the particular problems that these enterprises experience because of their size. The limited information, the difficulty in organising and implementing training programmes and the difficulties they encounter in releasing their staff are reasons restricting their participation in lifelong learning activities. An increase in their participation may be achieved through the provision of programmes that better match their needs regarding the content and the training method used. The use of flexible arrangements (for example programmes that combine training with practical coaching in the enterprise or learning through modular programmes of limited duration outside working hours), the promotion of alternative methods of learning utilising information

and communication technologies, the provision of information for available programmes and raising awareness on the benefits of participation in lifelong learning activities, are indicatively mentioned.

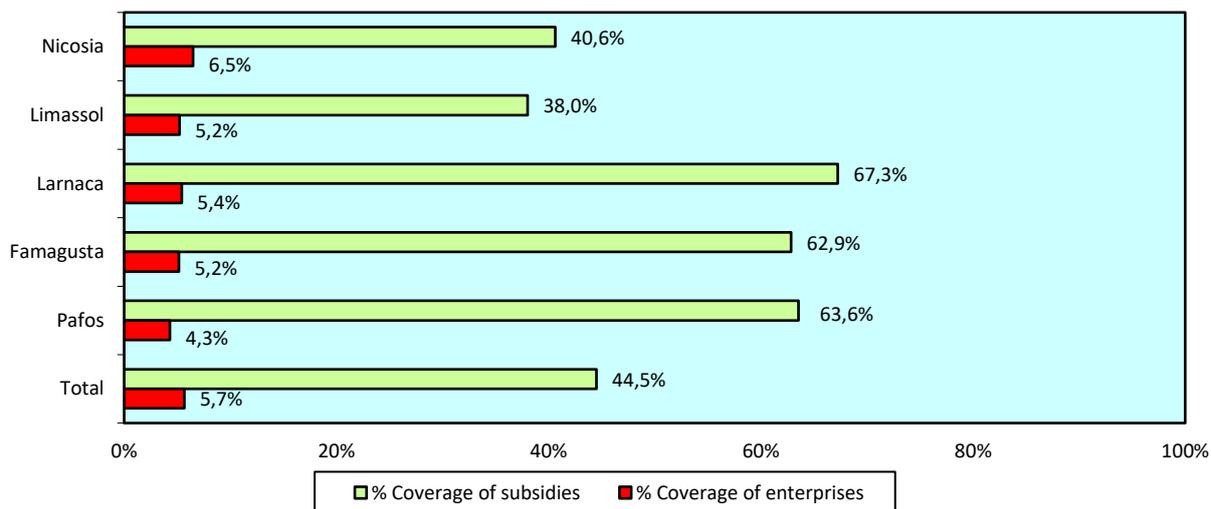
**Percentage coverage of HRDA’s subsidies to Levy receipts and of enterprises from HRDA’s activities by size of enterprise in 2021**



#### D. Coverage indicators by district in 2021

The highest percentage coverage of HRDA’s subsidies to Levy receipts in 2021, were observed in Larnaca (67,3%), in Pafos (63,6%) and in Famagusta (62,9%). Although Nicosia had the highest percentage coverage of enterprises (6,5%), it also had the second lowest percentage coverage of subsidies (40,6%) after Limassol (38,0%).

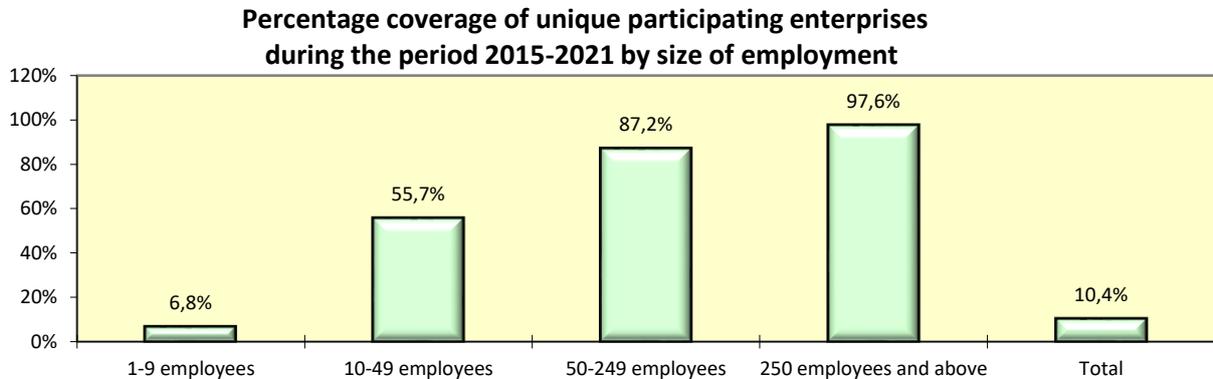
**Percentage coverage of HRDA’s subsidies to Levy receipts and of enterprises from HRDA’s activities by district in 2021**



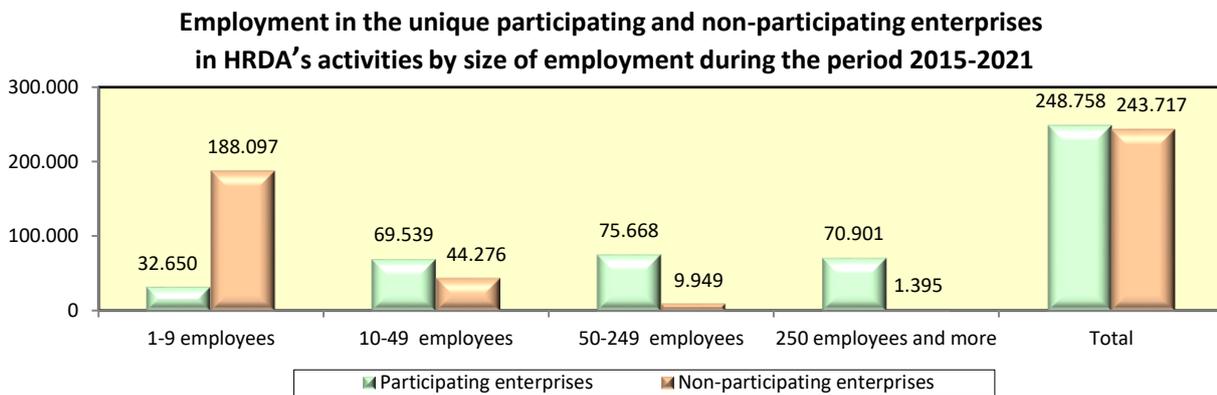
The provision of training programmes which are compatible with the enterprises’ characteristics regarding their activities and size, may help for the increased participation of enterprises in all districts in HRDA’s activities. Information on the availability of programmes, utilising all appropriate communication channels may also lead to increase participation while targeted actions towards sectors on which these districts rely, such as construction, tourism and shipping are also important.

## E. Unique enterprises<sup>6</sup> by size of employment

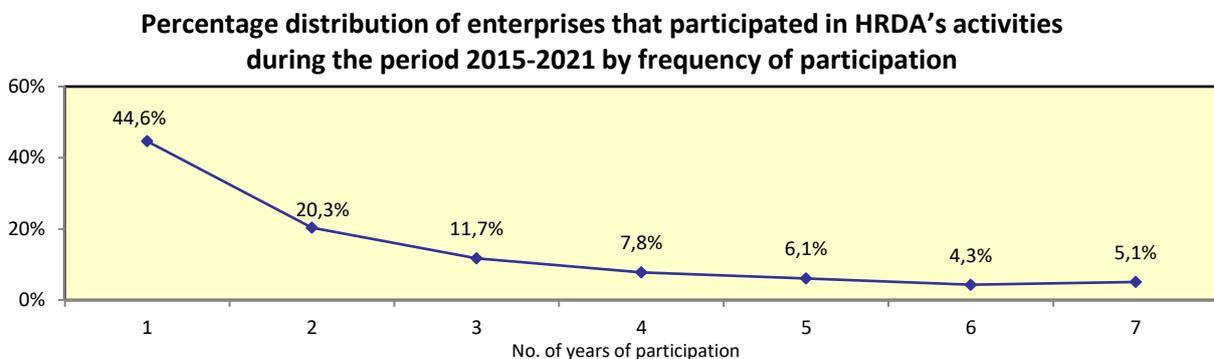
Just over 1 in 10 eligible enterprises (13.405 or 10,4%) participated in HRDA's activities during the period 2015-2021. This percentage is high for small, medium and large enterprises and ranges from 55,7% to 97,6%, while the percentage for very small enterprises amounts to only 6,8%.



Even though the enterprises that participated in HRDA's activities amount to 10,4% of all enterprises, they employed a total of 248.758 persons which corresponds to 50,5% of total employment.



More than 4 out of 10 enterprises that participated in HRDA's activities, participated only for one year (44,6%), while the percentage that participated for all 7 years is limited (5,1%). As expected, the number of participating enterprises decreases, as the years of participation increase, with the exception of enterprises that participated every year in HRDA's activities during the period (5,1% compared to 4,3% of the enterprises that participated for 6 out of 7 years of the period).



<sup>6</sup> The term "unique enterprises" means that enterprises are counted only once regardless of multiple participation in HRDA's activities during the period 2015-2021.