

DISS600: Dissertation

The Collapse of Cooperative Movement and its impact in the communities of rural areas.

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Table of Contents

1. Introduction 6
1.1 Research Background 7
1.2 Cooperative Credit Companies 8
1.3 The epic of usury before Cyprus independence 10
1.4 The Cooperative Movement Historical View 13
2. Aim and Objectives 16
2.1 Research Objectives 16
2.2 Research Questions 17
3. Literature Review 18
4. Methodology 27
5. Samples and data Collection 29
6. Analytical Methods 30
7. Timetable 30
8. Data Analysis 31
9. Interpretation of findings & conclusion 41
10. Research Limitations 46
11. Recommendation for further research 47
12. References 48
13. Appendix 50

List of Figures

Figure 8.0: What is your Gender consider 31
Figure 8.1: What is your Age 32
Figure 8.2: How you consider the Cooperative Movement concept when it was in operation 33
Figure 8.3: How important role the Cooperative Movement played for you personally 34
Figure 8.4: How you consider the benefit you had from COOP in your day-to-day life 35
Figure 8.5: To what extent did the collapse of the Cooperative Movement affect your daily life 36
Figure 8.6: What impact did it have on your lifestyle after the collapse of the Cooperative Movement 37
Figure 8.7: How do you assess the anthropocentric banking services of the Cooperative Movement before it collapses 38
Figure 8.8: In your opinion, are there other alternative entities that can replace the role of the Cooperative Movement today 39
Figure 8.9: How you consider the prospect recreation of Cooperative Movement 40
Figure 9.1: 43
Figure 9.2: 44
Figure 9.3: 45
Figure 9.4: 45

Πνευματικά δικαιώματα

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Η έγκριση της διατριβής από το Πανεπιστημίου Νεάπολις δεν υποδηλώνει απαραιτήτως και αποδοχή των απόψεων του συγγραφέα εκ μέρους του Πανεπιστημίου.

Π Ε Ρ Ι Λ Η Ψ Η

Η συγκεκριμένη διατριβή έχει σκοπό να αναδείξει τον σημαντικό ρόλο του Συνεταιριστικού Κινήματος στην κυπριακή κοινωνία και ιδιαίτερα στις αγροτικές περιοχές της επαρχίας Πάφου.

Το κίνημα COOP ως θεσμικός φορέας ήταν σημαντικός και έπαιξε σημαντικό ρόλο στην οικονομική ανάπτυξη και ευημερία των αγροτικών περιοχών και όχι μόνο της Κύπρου για τουλάχιστον έναν αιώνα. Με αυτόν τον τρόπο, μέσω αυτής της έρευνας ο ερευνητής θα προσπαθήσει να παρουσιάσει στους αναγνώστες πώς επηρεάστηκε ο τρόπος ζωής των πολιτών της υπαίθρου μετά την κατάρρευση του Συνεταιριστικού Κινήματος.
Οι πολίτες των αγροτικών περιοχών θεωρούταν η πιο σημαντική μεταβλητή κατά τα πρώτα επιχειρησιακά βήματα του Συνεταιριστικού Κινήματος, όπου οι πολίτες πάλευαν να απαλλαγούν από την τοκογλυφία που ασκήθηκε ευρέως στην Κύπρο, ιδιαίτερα κατά την περίοδο προ της ανεξαρτησίας και ιδιαίτερα πριν την ενίσχυση του συνεταιριστικού κινήματος. Επομένως, η κατάρρευση του Συνεταιριστικού Κινήματος, είναι ένα θέμα που έχει σημαντικές συνέπειες στην κυπριακή κοινωνία και ιδιαίτερα στις αγροτικές περιοχές.
Πιο συγκεκριμένα το Συνεργατικό Κίνημα, μια σημαντική, θεσμική, κοινωνική συνεργασία που έπαιξε καταλυτικό ρόλο στην οικονομική ανάπτυξη και ευημερία των κυπριακών αγροτικών περιοχών για τουλάχιστον έναν αιώνα.
Πάνω σε αυτή τη λογική στόχος της συγκεκριμένης μελέτης είναι η περαιτέρω έρευνα του κοινωνικού και οικονομικού αντίκτυπου του προαναφερθέντος θέματος, δηλαδή της κατάρρευσης του Συνεργατικού Κινήματος.

Επιπλέον, η διατριβή στοχεύει σε περισσότερη έρευνα για το πώς επηρέασε τον τρόπο ζωής των πολιτών της υπαίθρου μετά την κατάρρευση των κοινωνικών επιχειρήσεων και ιδιαίτερα του Συνεταιριστικού Κινήματος. Επιπρόσθετα, η διατριβή αναφέρεται στη μεθοδολογία, τον σχεδιασμό της έρευνας και τους σκοπούς και στόχους της συγκεκριμένης έρευνας, με τρόπο που να ανταποκρίνεται στον ερευνητικό στόχο.

Επιπλέον, η διατριβή σκιαγραφεί τη σημασία της βιβλιογραφικής ανασκόπησης σε ότι αφορά το εύρος της έρευνας και επισημαίνει τα θέματα των πηγών και ανασκόπησης βιβλιογραφίας, πριν προχωρήσει στη συζήτηση.

Abstract

The specific thesis intents to highlight the significant role of the cooperative movement in Cyprus society and especially in rural areas.

The COOP movement as an institutional enterprise was important and played a significant role in economic development and prosperity of Cyprus rural areas for at least a century. In this manner, through this research the researcher will try to present to the readers how the lifestyle of the citizens of the rural affected after the collapse of the cooperative movement.

The citizens of the rural areas were considered the most important variable during the first operational steps of the co-operative movements, where citizens were struggling to get rid of usury which was widely practiced in Cyprus especially during the pre-independence period, and especially before the strengthening of the cooperative movement. Therefore, the collapse of Cooperative Movement, it is a matter that had a significant consequence in the Cyprus society & especially rural areas.

Most specifically the COOP movement, an institutional social enterprise that was important which played a significant role in economic development & prosperity of Cypriot rural areas for at least a century.

In this logic the goal of the specific research research is to further research the social & economic impact of the aforementioned matter.

Moreover, the thesis aims for more research on how rural citizens lifestyle affected after the collapse of the social enterprises and especially of cooperative movement. Additionally, the thesis refers to the methodology, the research design and the aims and objectives of the specific research, in a way that responds to the research aim. In addition, the thesis outlines the significant of literature review in regards the research scope and points out the nature and the topics of the literature review resources, before proceeding to discussion

1. Introduction

In the beginning of 20th century agriculture in Cyprus was the most important sector in economy and co-operation was the catalyst for the economy as a whole. The co-operation acted as a mechanism of macro-economic recovery and it was an effective instrument of economic development and as a vehicle of economic transformation and integration, especially in rural areas.

Co-operation in Cyprus developed at a time when the island's economy was still in poverty, with nearly 80% of its population relied on agriculture. Cypriot children left school usually before reaching the age of eleven and after a few years' work on the land retained only such part of their education as enabled them to write their own names and to do a little arithmetic. (B. J. Surridge, A Survey of rural life in Cyprus, Nicosia, 1930, p 1 9)

The fact that Cyprus, in less than half a century, passed rapidly through several stages of economic development, gives the opportunity to draw conclusions about co-operation both as a tool of economic development in a developing country and also as an important institution in a developed economy.

The closure of the cooperative movement in 2018 had multiple consequences on Cypriot people life especially for those who living in rural areas.

This is obvious and clearly comes out on survey structured questions which will be analyzed on data analysis section.

1.1 Cyprus Historical Background

"Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia with a total area of 5748 square kilometers. The island lies 65 kilometers south of Turkey, 96 kilometers west of Syria, 370 kilometers north of Egypt, and 321 kilometers east of the island of Crete. The fact that it located in the cross-roads of three continents made Cyprus attractive to its more powerful neighbors who looked for strategic and trading advantages hence 4000 years history of constant invasions and occupations. Its rulers included the Egyptians in the 14th century BC, the Phoenicians in the 12th century BC, the Macedonian Alexander the Great and the Ptolemies in the 3rd century BC, the Romans in the 1st century AD, the Byzantine Empire in the 4th century, the English and the Lusignans in the 12th century, the Venitians in the 15th century, the Ottoman Empire in the 16th century, and the British Empire in the 19th century. Cyprus became an independent Republic in 1960 but following inter-communal violence in 1963 and 1968 as well as outside Greek and Turkish intervention in 1974 nearly 40% of the island was occupied by Turkey and an equivalent percentage of its population were made refugees. Until this day the island remains partitioned with a mainly Greek population living in the southern part, recognised internationally as the Republic of Cyprus".[1]

[1] (The Institutional Structure and Economic Rationale of Co-Operative Organization in Cyprus by Andreas Hadjixenophontos London School of Economics and Political Science)

1.2 Cooperative Credit Companies

Cooperative credit companies (ΣΥΝΕΡΓΑΤΙΚΕΣ ΠΙΣΤΩΤΙΚΕΣ ΕΤΑΙΡΕΙΕΣ) in Cyprus played the most important role in a developing of rural areas. Cooperative credit companies were a form of multipurpose societies that not only accepted deposits and provided agricultural and housing loans, but also acted as a local marketing organization supplying farmers with fertilizers and equipment, a local cooperative retail store functioned as a retail agency serving its needs. In addition, they acted as government paying agents for several agricultural subsidies and as collectors for several state taxes, professional taxes etc.

The first Cooperative Company was established in 1909 with the establishment of the "Spatial Bank of Lefkonikos". In 1914 the Legislature passed Law 13 "on Cooperative Credit Companies". Despite the enactment of the Law, the development of the Cooperative in the following years was limited, since the lack of the first funds and the absence of persons with sufficient education were the main problems that hindered the establishment of Cooperative Societies. In 1923 a separate law came into force, which provided for the establishment of non-credit Cooperatives. Also, during the same period, the colonial government granted the Cooperative Societies, through the Loan Fund, loans totaling
£ 20,000 (British pounds) to assist in the development of the Institution.

In 1925, the government set up the Agricultural Bank to deal with the financial problems created by the First World War, with the aim of providing long-term credit to farmers. These loans were granted through the Cooperative Companies against a mortgage, which was registered in the name of the Company and then transferred, immediately, to the Agricultural Bank.

Although the Agricultural Bank, in general, could not achieve the purposes for which it was established, it nevertheless had a very positive effect on the expansion of the Cooperative Movement in Cyprus. The intervention of the Cooperative Societies in the lending process, pushed the inhabitants of the communities to proceed with the establishment of Cooperative Societies with the result that in 1935, the number of Societies rose to 273 from 24 in 1924.

In 1937 the Cooperative Central Bank was established, the purpose of which was to create funds for the Cooperative Movement and its self-financing. The Bank accepted the surpluses of the affluent Cooperatives as deposits and granted them to the weakest loans on favorable terms, which the Cooperatives then granted to their members in the form of short-term loans. In addition to accepting deposits and granting loans, the Cooperative Central Bank supplied farmers with various agricultural necessities and acted as a representative of the government to finance various agricultural development programs, etc., work which is being carried out to date.

In particular, cooperative banking gives the financial system roots in the real economy, generating stability and wealth for a region by means of its financial function (promoting savings, and granting loans to families and SMEs as priority segments) and its social function(foundational principles, allocation of surpluses)[2]

During the period 1936-1974 the Cooperative Movement in Cyprus had experienced great growth. The Turkish invasion of 1974, however, dealt a great blow to the Cooperative Societies and to the economy of Cyprus in general. Despite the serious problems created by the invasion and subsequent occupation and displacement of one third of the Cypriot population, the Cooperative Movement, as the main protagonist, contributed significantly to the significant reduction of the housing problem created, despite the serious blow that the

[2] (Castelló and Trias, 2015)

same had suffered, thus relieving the State of many problems and at the same time contributing to the strengthening of social cohesion, which is the necessary background of any development activity. The Movement, in its effort to help the reactivation and employment of the displaced, proceeded to the establishment of new large Cooperative Companies in the field of industry and to the reactivation of existing ones.

1.3 The epic of usury before Cyprus Independence

During the pre-independence period, and especially before the strengthening of the cooperative movement, usury was widely practised in Cyprus. This is not only proved by the local Press and politicians but is also confirmed by official reports. One such report gives details about the exact methods of transactions between the villager and the merchant, emphasising the usurious nature of such dealings. The transactions of business was for the farmer to borrow from the merchant money and supplies, and in repayment to deliver to the merchant a proportion of his produce.[3]

The kulak household in Cyprus is the ‘ village money-lender’.

The majority of these money-lenders, according to Jenness, were wealthy landholders or merchants who as part of their business speculated in grain and other produce, lending seed to needy farmers at the planting season and recovering it at harvest, at an ‘immense profit.[4]

[3] (**Report of the Commission on the extent, causes and effects of indebtedness in Cyprus,** Nicosia, 1918)

[4] (D. Jenness, The Economics of Cyprus, its present resources-a survey up to 1914, Montreal1962, pl25.)

When Consul Lang was writing about his own experiences of farming in Cyprus, he gave his own account of the kulak class; 'The horse-leech which bleeds the peasant is the usurer from whom he borrows to pay his taxes and to subsist until his crop is mature. These advances he procures at an almost fabulous cost. Not only does he borrow at an interest of two and sometimes three per cent per month, but the lender insists upon being paid in kind...'. Lang describes the various accounting and weighing malpractices of the money-lender which result in the cost of credit above 40%.[56]

A Cypriot teacher addressing an open letter to the High Commissioner cited instances of extreme exploitation of the peasants by the money-lenders. He ended his letter by claiming that he was in a position to prove that there were villages where the inhabitants worked as hard as slaves, day and night, but the results of their labour fell in the hands of the greedy usurers.[7]

[5] R. H. Lang, Cyprus-its history, its present resources, and future prospects, London, 1878, pp254-255.

[6] (The Institutional Structure and Economic Rationale of Co-Operative Organization in Cyprus by Andreas Hadjixenophontos London School of Economics and Political Science)

[7] (Cyprus, Nicosia, 31 May 1903.)

The activities of the usurers did not escape the notice of the official Administration even of the British. This is how one report described their operations; " If a peasant wants seed corn, he usually obtains it on the following condition. The usurer supplies him with the corn on condition of receiving half the crop in return. As a bushel of barley will produce 16 bushels in a good harvest, the usurer gets 800% return within 6 months. If from any cause the crop is lost, the peasant is bound to repay in money at the rate of 30 or 40%. Sometimes the barley is lent at a certain value, say 20 piastres a bushel together with interest. Thus the account of a peasant borrowing would stand as follows:

10 bushels & 20 piastres	200 piastres
Interest at 20%	40 piastres
	240 piastres

When the harvest comes the creditor arrives at the threshing ; there is no market yet, or the peasant cannot get to it, and the creditor repays himself in barley at the rate, say, of 8 piastres a bushel. He thus carries 30 bushels in payment of the 10 he lent. When therefore the government valuation is laid at, perhaps, 12 piastres, the cultivator feels that he is paying 12 when only got 8 from the merchant who was his creditor."[8,6]

[8] (BPP LXV 1881, C-2930, Correspondence respecting the Affairs of Cyprus, June 1881, Major- General Sir R. Biddulph to the Right Hon. Earl of Kimberly, 6/5/1881, p121)

[6] (The Institutional Structure and Economic Rationale of Co-Operative Organization in Cyprus by Andreas Hadjixenophontos London School of Economics and Political Science)

1.4 Cooperative Movement historical view

The Cooperative Movement in Cyprus established early in 20th Century when Cyprus was under British colony.

The establishment of cooperative movement was the most significant reaction of society against the economic and social oppression and against the phenomenon of usury.

Under these difficult circumstances & conditions of that period the cooperative movement developed and focus specifically on human being, played an important role, both in economic development and in the social progress of Cypriot People.

The first Cooperative Company was established in 1909. In 1914 British Colonial government passed a law 13 on Cooperative Credit Companies. Despite the Law, the development of the Cooperative in the following years was limited, the lack of the first funds and the absence of persons with sufficient education were the main problems of the development of the Cooperative Societies. In 1923 a separate law came into force for the establishment of Cooperatives of a non-credit nature. During that period, colonial government supported the development of the Institution through the loan fund of £ 20,000 British pounds. In 1925 colonial government in order to overcome with the financial problems created by World War I, set up the Agriculture Bank to assist the farmers and provide long term credit. Although the Agriculture Bank had a positive effect on the expansion of the Cooperative Movement in Cyprus. The intervention of the Cooperative Societies in the leading process, pushed the communities to proceed with the establishment of the Cooperative Societies. In 1924 the number of the Societies was 24 and 1935 rose to 273.

In 1937 Cooperative Central bank established and the main goal was to finance the Cooperatives and then Cooperatives to grant the loans in the form of the short -term credits to their members.

In the meantime, Cooperatives were financing also various agriculture necessities as well as development of agricultural programs.

The Cooperative Movement in Cyprus had a great growth between the period of 1936-1974, however the Turkish Invasion created a serious problem to the Cooperative Societies and to the Cyprus economy in general.

Despite the serious problems created by the Turkish invasion, Cooperative Movement contributed significantly to restart economy and at the same time contributing to the strengthening of social cohesion.

In March 2013 between the Republic of Cyprus and Troika (European Commission,European Central Bank and International Monetary Fund), a number of important measures were taken place in the banking system, including the cooperative credit sector. It is noted that the cooperative credit sector had about 30% share of loans and 21% of deposits in the banking system of Cyprus. Among those measures were the restructuring and the recapitalization of the cooperative credit sector with €1.5bln by the State. The 96 cooperative credit institutions (CCIs) were merged among them, reducing their number to 18. Taking into account the previously called Cooperative Central Bank(CCB), the number of cooperative credit institutions numbered to 19. In addition, the CCIs and the CCB should relinquish any of their business activities ,other than banking, as well as any share capital they owned in non credit cooperatives. Since 1.7.2017, the 18 CCIs have been merged with CCB, which on 24.7.2017 has been renamed to Cooperative Cyprus Bank(CCB). Soon,it is expected that the CCB will be listed in the stock exchange of Cyprus with acertain percentage of shares. Due to the recapitalization, currently, the State participates with 99,22% in sharecapital of CCB. The rest 0,78% is owned by other 19 Cooperative Holding

Societies, where the members that existed prior there capitalization, have been transferred.

According to Mr. Andreas Hadjixenophontos in his research, "Cyprus is one example where co-operation is believed to have worked, at least for some specific period of the island's economic history. In 1995, the Cypriot cooperative movement continued to play a major role in the economy of Cyprus. Characteristically, it controlled more than 30% of all bank deposits, 90% of all agricultural loans, more than 80% of housing loans and a large proportion of personal expenditure".[6]

The Cyprus Cooperative Movement roots grew when Cypriots were under British Colony and survived under adverse conditions like the Turkish invasion and it was considered one of the strongest and most well-organized Cooperative Movements in the world. It's contribution to the economic and social development of its members and the Cypriot people in general was remarkable, COOP was managing by primary school graduates, especially from rural areas and it was operated successfully for the benefit of its members.

Unfortunately, in August 2018 decision was taken to close the Cooperative Movement down leaving behind almost one century heritage of struggle for public benefit which Cooperative Movement covered successfully all aspects of Cypriot society, always maintaining its anthropocentric character

2. Aims and Objectives

This thesis is about to explore the output of experience and impacts on people living in Paphos rural areas after the closure of cooperative movement through structured questions about the cooperative movement.

2.1 Research Objectives

a. Measure the social impact of the Cooperative Movement.
b. To specify the special role & significant of Cooperative Movement up on community
c. The consequences / impact on the community
d. The Gap that was created after the specific collapse
e. The diversity of impact according to the demographic & socioeconomic factors.
f. Future actions that may substitute of the role of the cooperative movement

2.2 Research Questions

a. What is the social impact and the results after cooperative movement collapse in rural areas communities?
b. What was the benefit role up on rural community during the period of Cooperative company operation?
c. Are any other alternative agencies which can substitute the role of cooperative company nowadays?
d. Explain the importance and role of social enterprise
e. What is the contribution of social enterprise to social and economic development of the rural region?

3. Literature Review

Most of the literature review deals with the high importance of the cooperative plays in people's daily life and especially for people living in rural areas.
The International Cooperative Alliance (ICA) (2005:n.p.)[9] defines a cooperative as 'an autonomous association of persons united voluntarily to meet their common social, economic and cultural needs as well as their aspirations through a jointly owned and democratically controlled enterprise'. In light of the above values, cooperatives can then be described as a distinct, mutual-based association or group with varied capital and membership base which is democratically managed. A cooperative is distinct from a socio-professional body and its mission is to defend the interests of its members or a community development association whose activities are similar to those of a pressure group. Chitsike (1988) [10] notes that a necessary feature of a cooperative is the mutual commitment of each member involved. Every member is responsible for the preservation of its autonomous identity, as an association of people formally engaged in private enterprise with a strict beneficial economic purpose.

The National Cooperative Business Association (NCBA) (2005)[11] also states that cooperatives are formed by their members, especially when the market fails to provide the much-needed goods and services at affordable prices and of acceptable quality. In light of these sentiments, one can note that cooperatives empower people to improve their quality of life and to enhance their economic opportunities mainly through self-help projects.

[9] The International Cooperative Alliance (ICA) (2005:n.p.)
[10] Chitsike L.T, 1988, *Agricultural cooperative: Development in Zimbabwe*, Zimfep, Harare. [Google Scholar]
[11] National Cooperative Business Association (NCBA) (2005)

The life and work of a cooperative business are governed by several values and seven major principles that enable cooperatives to be viable[12].

The following are the principles that govern cooperatives in putting their values into practice. The principle of voluntary and open membership, the principle of democratic member control, the principle of member economic participation, the principle of autonomy and independence, the principle of education, training and information, the principle of cooperation and the principle of concern for community. The principle of voluntary and open membership indicates that cooperatives are open to all persons that are able to use their service and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination.

Tchami (2007) supports to this view and states that cooperatives have to accept only a predetermined number of members, depending on the capacity of those cooperatives. The democratic member control principle indicates that cooperative societies are democratic organisations, controlled by their members who actively participate in the formulation of policies and in decisions making. As such, cooperatives should be operated by both women and men, who serve as elected representatives and should be accountable to the general assembly.

Laidlaw (1980)[13] states that in primary cooperatives, the principle of democratic control is noticed when members of the cooperative exercise equal voting rights by virtue of the 'one member one vote' rule. What this shows is that cooperatives should be democratically managed.

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[12] (Kumar, Wankhede & Gena 2015; Tchami 2007)

[13] Laidlaw A.F, 1980, Cooperative in the year 2000, 15th edn, ICA, Studies and Reports, Geneva. [Google Scholar]

As far as the principle of member economic participation is concerned, members in a cooperative society contribute equitably to the society and democratically control the capital of their cooperative societies (Galor 1995)[14]

The principle of autonomy and independence views cooperatives as autonomous, self-help organisations that are controlled by their members. Thus, in the event that cooperatives are to enter into agreements with other organisations, for instance, to raise capital from external sources, they should do so on terms that ensure democratic control by their members so as to maintain the autonomy of the cooperative. Ortmann and King (2007:40)[15] add that members of the cooperative should learn how to work together so as to relinquish their personal interests in favour of the interests of the group, whilst the management have to learn how to use their powers wisely in running a democratic commercial enterprise.

Cooperation among members plays a significant role in the success of cooperatives. Thus, the principle of cooperation among cooperatives is emphasised. The ICA (2005)[16] notes that cooperatives serve their members most effectively, whilst at the same time strengthening the cooperative movement to work together through local, national, regional and international structures. Therefore, teamwork among members of cooperatives should be the order of the day. The principle of concern for community is one major principle guiding the operations and activities of cooperatives. This principle emphasises that cooperatives should work for the sustainable development of their communities

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[14] Galor Z, 1995, 'Dividing the results in a cooperative and the participation of members', *Journal of the ICA* 4(3), 18– [Google Scholar]

[15] Ortmann and King (2007:40)

[16] ICA (2005)

through enabling policies which are approved by their members. If properly followed and implemented, these principles would guide cooperatives towards the achievement of their objectives in order to sustain livelihoods of rural communities.

The role of social enterprise in local economic development according to Dr. Karl Birkholzer : Local economic initiatives understand their locality or community like an enterprise or company as a coherent and independent economic system whose objectives are not individual aims, but what is called "social profit", "community benefit", or "for the common good."

The social enterprises as agents of change against to what in today's days called globalization. In economic terms globalization it is a consequence of unlimited economic growth which concentrates more and more capital in less and less hands, and spread out over regional and national boundaries, creating international or transnational conglomerations which tend to rule the global economy.[17]

The concept of social enterprise and entrepreneurship and the challenge for countries is to undertake actions to improve the quality of services overall, using new methods of administration and innovative technologies that inspire and demonstrate real social well-being.

A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. According to Steiner et al (2019)[18] social enterprise could represent a means of tackling rural challenges of providing sustainable economic development, addressing the withdrawal of public services and promoting community cohesion, and they can create locally responsive services that fit the rural context.

[17] (Technologie-Netzwerk Berlin 2009)

[18] Steiner et al (2019)

Social enterprise is suggested as aligned with features of traditional rural life. The collective working associated with rurality, is significant to community-initiated and run social enterprises. As rural places tend to operate more relationally, compared with urban settings, there is the notion that rural people have and thus can deploy, social capital - making it easier to draw collective initiatives together (Jack and Anderson, 2002) [19].

There is also evidence from different fields of rural community life that rural dwellers are innovative and adaptive in responding to their distinctive community challenges (Farmer et al.,2008)[20].

Rural social enterprise in different geographical areas especially in European countries where they have different approach and different perspectives regarding the social enterprise. Steiner, A., & Teasdale, S. (2019)[21] study suggests that social enterprises can potentially enable an integrated approach to addressing local issues at the local level, however the study by Lang, R., & Fink, M. (2019) [22] introduce and empirically assess a conceptual framework for systematic investigation of rural social entrepreneurship that is informed by both social capital theory and place-based entrepreneurship literature and also suggest a methodology which refers to the dialectic of horizontal and vertical networking strategies typical of rural social entrepreneurs and their business model, at the same time arguments stated that how social enterprises foster social innovation in rural regions remains largely unexplored, Richter, R. (2019)[23]

[19] Jack, S.L., Anderson, A.R., 2002. The effects of embeddedness on the entrepreneurial process. J. Bus. Ventur. 17 (1), 467–488.

[20] Farmer, J., Steinerowski, A., Jack, S., 2008. Starting social enterprises in remote and rural Scotland: best or worst of circumstances? Int. J. Entrep. Small Bus. 6 (3), 450–464.

[21] Steiner, A., & Teasdale, S. (2019)

[22] R. H. Lang, Cyprus-its history, its present resources, and future prospects, London, 1878, pp254-255.

[23] Richter, R. (2019)

there are however countries like Greece where social enterprise may have produced a reluctant and state reliant response which may weaken the resilience of communities to survive continued austerity and social enterprise remains a top-down governance process which fails to deliver transformative forms of community resilience[24].

Rural areas frequently face challenges of limited economic development due to low profitability, the withdrawal of public services seen as economically unviable, and challenges to community cohesion caused by demographic and geographical factors. Economically, rurality is frequently associated with the inaccessibility of goods and services (Smailes, 2002)[25].

However according to the social enterprises and their ecosystem in Europe country report for Cyprus by George Isaaias

"The social enterprise phenomenon itself is quite new in Cyprus and still underdeveloped. The term "social enterprise" was initially used in November 2010 when the first conference on the topic, Connecting Social Innovation, was organised in Cyprus by the Synthesis Center for Research and Education Ltd. Since then, several initiatives have been established by organisations pursuing a social and/or environmental purpose in conjunction with economic activity, mainly motivated by the private sector. Several seminars and conferences have been held to inform the public, policymakers and potential social entrepreneurs about the sector. Academia has also contributed to the dissemination of information, launched promotional events on the theme and subsequently introduced social entrepreneurship into its course curricula. In a similar vein, certain associations and foundations have used income generated from economic activity to introduce and develop further systematic, economic efforts to help support the

[24] Apostolopoulos, N., Newbery, R., & Gkartzios, M. (2019)

[25] P.J. Smailes**From rural dilution to multifunctional countryside: some pointers to the future from South Australia** Aust. Geogr., 33 (1) (2002), pp. 79-95

sector's sustainability. Some other initiatives that can be broadly regarded as social entrepreneurship—albeit unofficially—have also been observed; although they do not currently qualify for legal social enterprise status, these initiatives could be institutionalised as part of the sector at some point."(George Isaaias 2019)[26]

The social financing plays a significant role in community especially for local economies. According to Dr. Karl Birkhölzer in his research **The Role of Social Enterprise in Local Economic Development** Interdisciplinary Research Group Local Economy at Technologie-Netzwerk. Money should be seen as a "servant, not the master", and local economic development needs its own financial services, because local economic initiatives and community or neighbourhood enterprises in disadvantaged areas often do not have access to credits or other financial services of traditional banks. Therefore, the idea of setting up special community banks or social banks was introduced which are targeted to the needs of disadvantaged social groups and communities. Like the Grameen-Bank in Bangladesh which offers micro-credits predominantly to woman in rural areas, their lending procedures are based on trust in the ability and willingness of people to repay. Another type of social financing is represented by the JAK-Banks in Denmark and Sweden, which offer interest-free credits in rural areas. The clients only pay a fee for the service. In a similar way operate local credit unions in Great Britain and Ireland, which have just recently seen a remarkable revival although they trace back to the early cooperative movement in the 19th century. The Raiffeisen and Popular Banks ("Volksbanken") in Germany originate from the same background, but today have almost lost their roots and perform like other commercial banks. In France, Italy and Spain the cooperative banks still have a feeling of belonging to

[26] (SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE Country report CYPRUS by George Isaaias) 2019

the social economy and support social enterprises in one way or the other. It would therefore be very helpful, if the big cooperative banks in Europe, especially in Austria, Germany and Great Britain would change their minds and remind themselves where they came from. It was one of the principles of the old cooperative movement that successful cooperatives should offer seed-money to newcomers. The social cooperatives in Italy still call it a "strawberry strategy", because this plant, if it is mature, always creates a new layer. But social financing is not only about access to credits. Investments in the social infrastructure are often much more needed. They might not be repaid in terms of money, but either in access to necessary goods and services or just in a better quality of life which could then be called a "social dividend". Finally, as already pointed out, money could be replaced by local exchange and trading systems or supplemented by local and regional currencies[27].

Co-operative banks are **key actors** in the European society. They provide access to **finance at local level** and are **widespread** even in remote areas of the continent. More than 51,500 outlets offer close and **unique relationships with customers**. The European co-operative movement also reflects the **tradition of responsibility and social cohesion** since their creation in the **19th Century**. Their wide-ranging networks often make them **the main employers and taxpayers in their own regions**. Co-operative banks employ approximately **713,000 people** in Europe[28]

[27] (Dr. Karl Birkhölzer Interdisciplinary Research Group Local Economy at Technologie-Netzwerk Berlin 2016)

[28] (http://www.eacb.coop/en/cooperative-banks)

According to ***Social Economy and the Cooperative Movement in Europe: Input to a New Vision of Agriculture and Rural Development in the Europe of the 25,*** **Agriculture and Cooperatives in the EU is an Essential Pairing,** Agricoops have contributed to economic development that has reached out especially to the most disadvantaged rural areas of Europe and has everywhere been a major source of direct and indirect rural employment. The result is the current agricultural prosperity (Bogström,2003)[29].

Social enterprises enjoy growing political support around the globe. In the European Union, for example, social enterprises are supported through a number of initiatives that promote the creation and development of this form of organisation (European Commission, 2017)[30].

It is extraordinary remarkable that while in other European countries in nowadays the institution of the cooperative movement is strengthened and promoted by society and governments as well as by the European Union itself, (see example of ***Coöperatieve Rabobank U.A)***[31] while in Cyprus the cooperative movement has closed its doors in August 2018.

[29] Bogström, M.H. (2003). Situation and development for agricultural cooperatives in Europe. Lecture delivered on the occasion of the IRU-Law Seminar, Berlin, 25 November 2003.

[30]EuropeanCommission,2017.SocialEnterprise.http://ec.europa.eu/growth/secto rs/social economy/enterprises:3August2017.

[31] *Coöperatieve Rabobank U.A*

4. Methodology

In order to accomplish the aims and objectives, it has been considered as essential to deploy research methods and more specifically to conduct a quantitative survey which is likely to be appropriated for the accomplishment of the given research questions.

Research Population in Paphos rural areas

More specifically, in order to respond to the research objectives, it has been considered to undertake an empirical survey. The survey has the format of a structured questionnaire to investigate the consequences and the impact of cooperative movement collapse in rural areas community.

To ensure the trustworthiness, validity and reliability of the study and data collected, the research took into consideration issues of dependability, credibility, transferability confirmability of the research instruments. This was done to fulfil the procedures of the qualitative and quantitative research. Qualitative researchers consider dependability, credibility, transferability, and confirmability as trustworthiness criteria to ensure the rigour of their qualitative findings [32](Guba 1981; Schwandt, Lincoln & Guba 2007).

Dependability was achieved through contacting the Paphos rural areas populations through structured questions, using as an instrument Google Drive. The survey questions were sent to participants either through email or through messenger application. For the participants who were not familiar with either

[32] Guba E.G, 1981, Criteria for assessing the trustworthiness of naturalistic inquiries', Educational Communication and Technology 29(2), 75–91. [Google Scholar]

email application or messenger application, a hardcopy of structured questions were given to them. All hardcopy answers were kept in the researcher's folder. On the contrary, credibility was achieved through the process of member checking, in which the collected data was shared with the participants so that any anomalies can be rectified. As for the transferability of the study, a detailed description of the study area is presented on the table with sufficient information for the reader to deduce the applicability of the findings to other similar settings. Confirmability was enhanced through keeping all the data collected in a safe and retrievable place. To fulfil the procedures for quantitative research, the researcher considered the issues of study validity and reliability of the research instruments. To make the study valid, the researcher dealt with people living in Paphos district and especially in rural areas. The research instruments which is Google Drive and questionnaires which were tested on a small number of participants before the actual study was conducted. Any irregularities identified in the instruments were corrected.

5. Sample and data Collection

The survey used structured questionnaire distributed to the Paphos rural area. The researcher used simple random sampling to stratify in order to cover both geographical area in Paphos district as well as the various demographic clusters. The questionnaires were distributed in Paphos rural areas.

The questionnaire was distributed in Greek language.

This research measured four variables which have an effect on Paphos rural areas community. The dependent variable in this study is the rural areas citizens' life style and the independent variables is the economic impact of the collapse of cooperate movement. Questionnaire has two parts, first part is designed by Likert Scale questions which is every question consists of the items be based on the research variables and each item measurement in 4-point Likert Scale, ranging from 4 for "very important" to 1 for "Unimportant," is used to measure responses to questions and second part is designed by demographic questions.(See Appendix 1)

Demographic characteristics included age, gender, education level, employment, marital status , living place and income level. The sample contacted to 105 persons, 52 men & 51 women permanent rural areas citizens.

It is important to mention some restrictions due to the global pandemic of coronavirus COVID-19 where precautions needed to be taken during interviews.

6. Analytical Methods

The research has used computer software aid and statistical program / spreadsheets. Accordingly, the quantitative data of the proposed research are likely to be manipulated and analysed through the use of computer based aid. Microsoft excel has been preferred over other software packages because it can be easily and widely used and provides an efficient analysis charts that suits the purpose of the specific project. More specifically, the use of Microsoft excel enables the use of statistical techniques , which could thoroughly illustrate how the researchable variables are correlated and interacted in relation to the research objectives of the project.

7. Timetable

The date collection has been carried out within the months of July to September of 2021 during that period all surveys and interviews have been taken. The collected data analyzed in October and start writing the first draft in December 2021 and the final in January 2022.

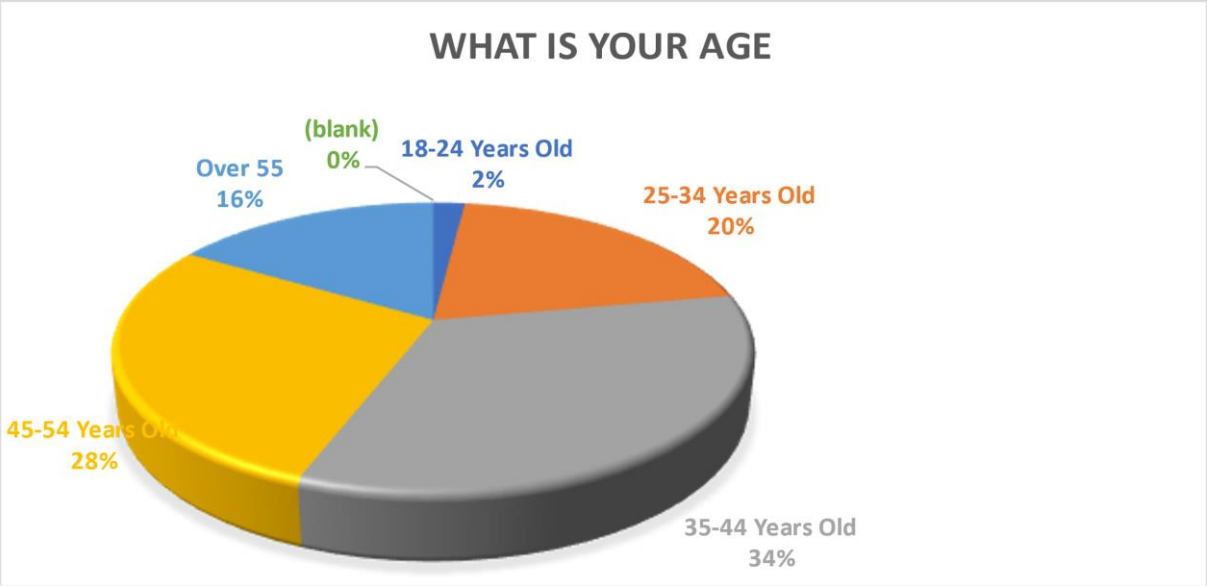
8. Data Analysis

As it has been already mentioned in methodology, the research population is comprised by the population Paphos rural area. Consequently, the research sample involved 105 answers, taken from men and women (50.5% and 49,5, respectively) from every age (See Figure 8.1) and every educational and economical level, from the wider rural area of Pafos.

Figure 8.0



Figure8.1



Accordingly, as a general outcome, the role of the cooperative movement is perceived more or less in a similar manner by men and women. Likewise, the collapse of the movement is perceived more or less in a similar manner by men and women.

Moreover, the contribution of the movement is perceived as very Important vast majority of the participants, excluding age group oaf 18 -24, Which had a smaller number of participants and 100% of them answered “Important”.

More specifically, when the participants have been asked to state their opinion regarding the contribution of cooperative movement during its many years of action, the vast majority (98’1%) claimed that they considered the contribution of cooperative movement at least as important.

Figure8.2

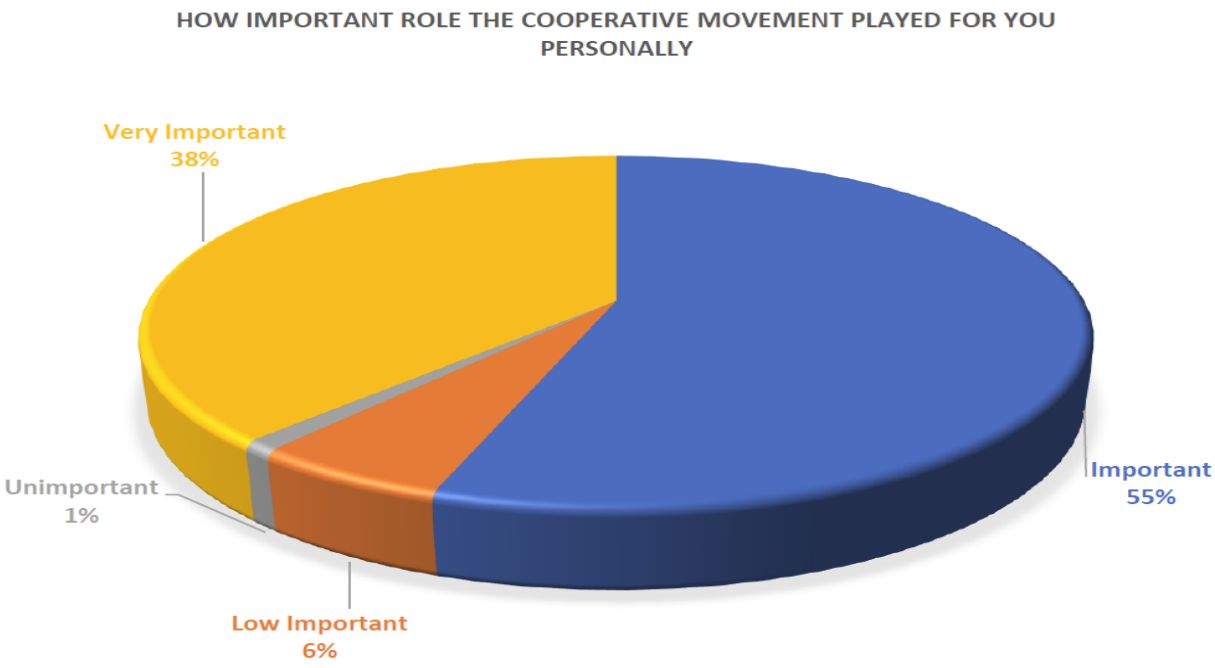


Furthermore, almost 66,7% off them replied very important, 31,4% of them consider it as at least important, while only around 2% considered the comparative movement of low importance and no body claim that the social contribution of movement was unimportant (See Figure 8.2).

This fact might suggest that the research population has a solid and unique perception about the significant contribution of the cooperative movement.

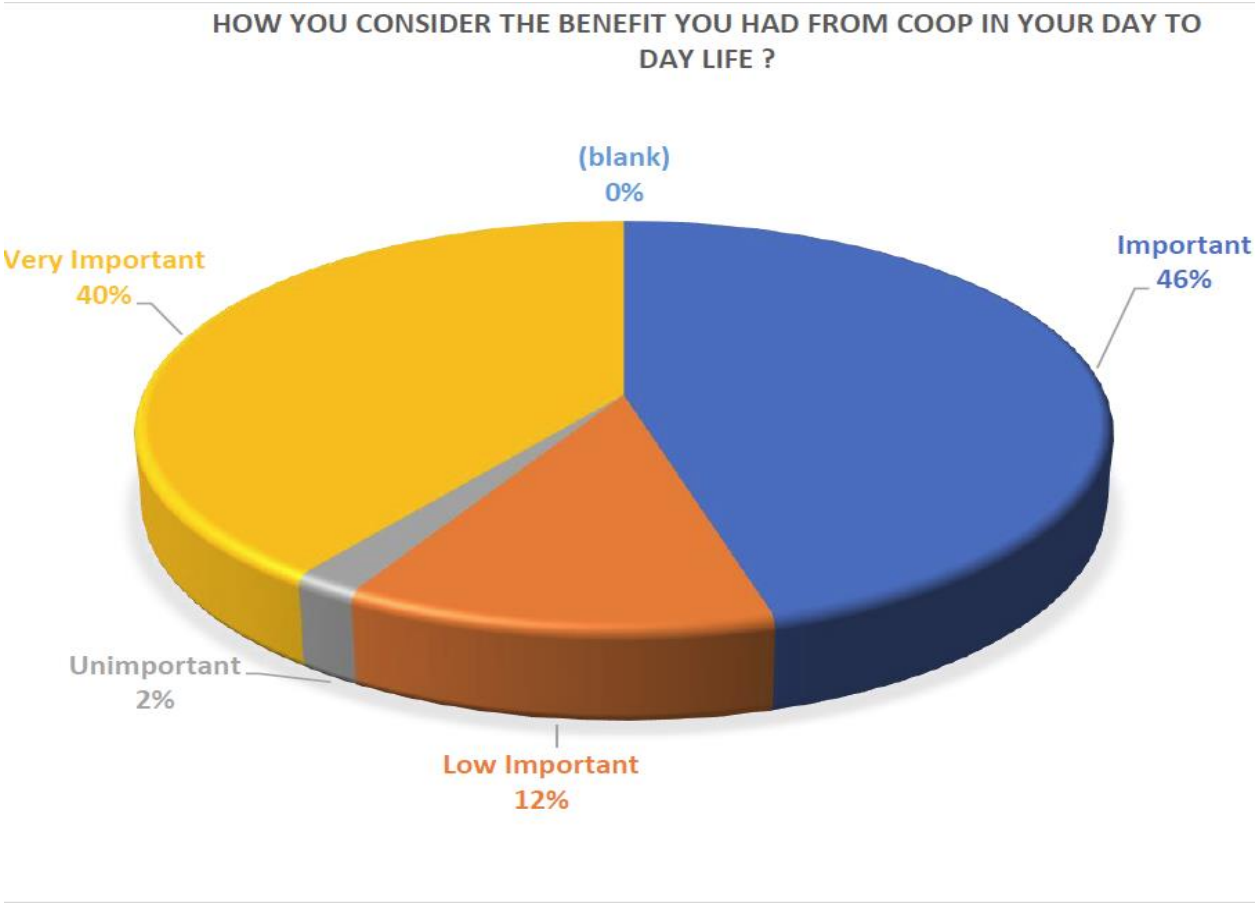
Moreover, in a similar manner, when the participants have been asked about the extent to which they considered as important the role and the impact that the cooperative movement had on them personally, 37.9% of them answered “very important”, 55.3% answered “important, while, only 5.8% and just 1% answered “low important”, or “unimportant” (See Figure 8.3).

Figure 8.3



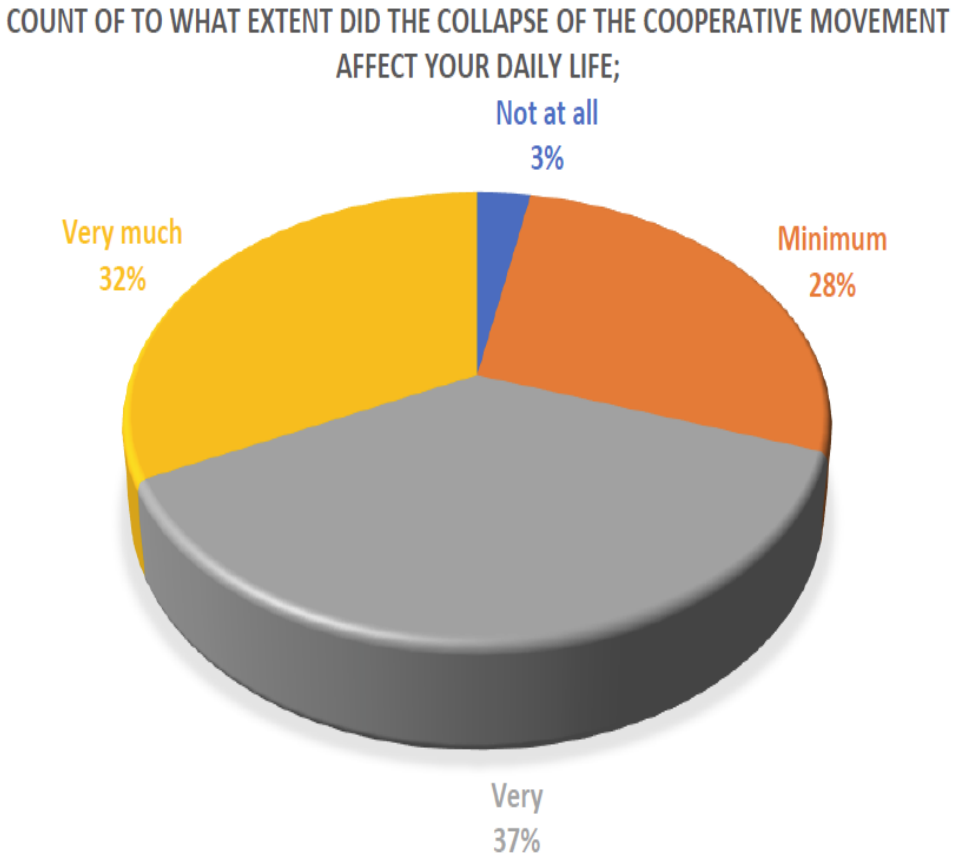
In addition when the participants have been asked to state how you consider the benefit you had from cooperative movement, 39.8% of them replied “very important”, 45.6% “important”, 12.6% low importance and only 1.9% “unimportant” (See Figure 8.4). Once again, the response of the participants reflects, a general perception that cooperative movement was in particular beneficial for people ‘s every day live.

Figure 8.4



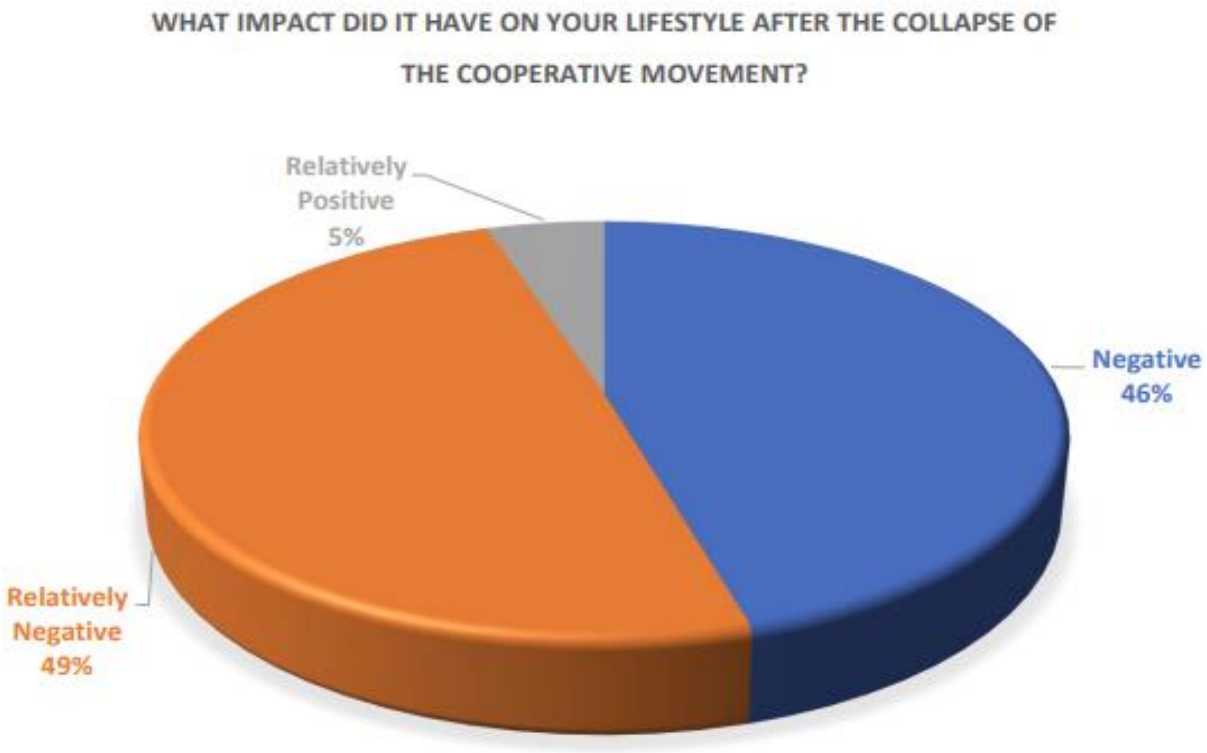
In a similar manner when the participants have been asked to claim extend to which the collapse of the cooperative movement had affected their daily life, 32.4% answered “very much”, 37.3% answered “enough”, where are you yeah 27.5% replied if you and only 2.9% answers “not at all” (See Figure 8.5). The particular fact indicates that the collapse of the cooperative movement has influenced the daily life of the vast majority of the research population.

Figure 8.5



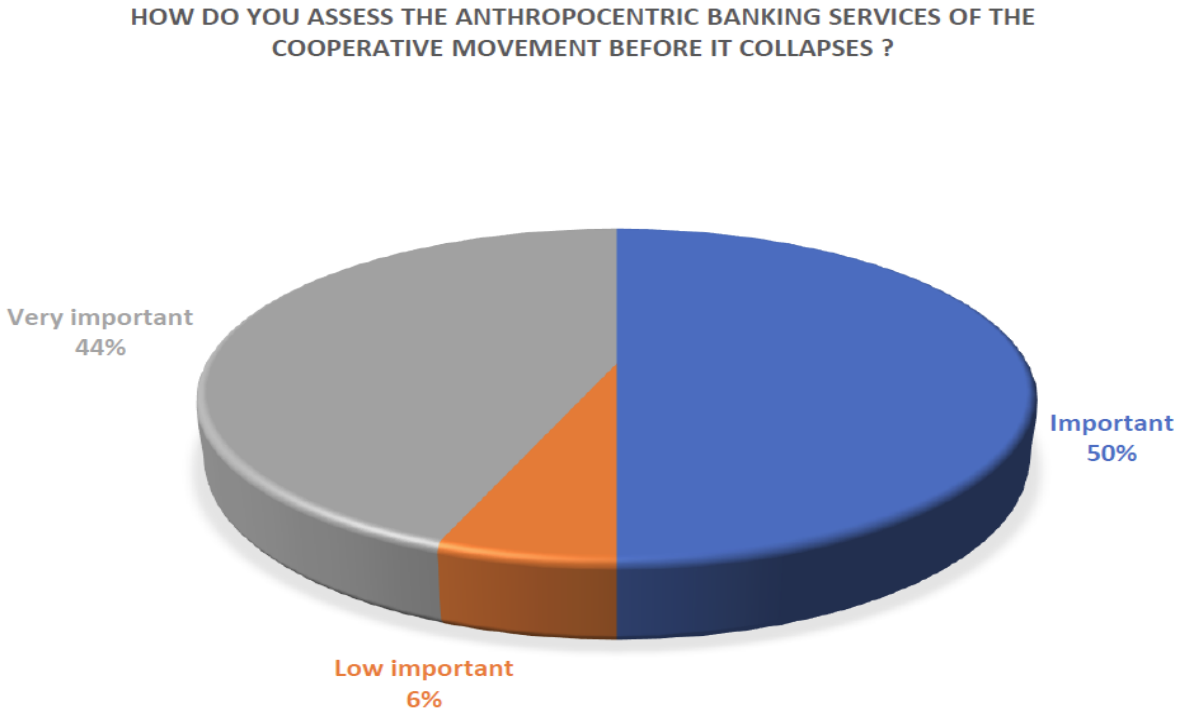
Furthermore, when the participants have been asked about the impact that the collapse of the Cooperative Movement had on their lifestyles, The vast majority of respondents have stated at least negative impact. More specifically, 45.6% answered negative and 49, 5% relatively negative, while only a 4.9% of them claimed that the collapse of the Cooperative Movement had relatively positive impact upon their lives (See Figure 8.6).

Figure 8.6



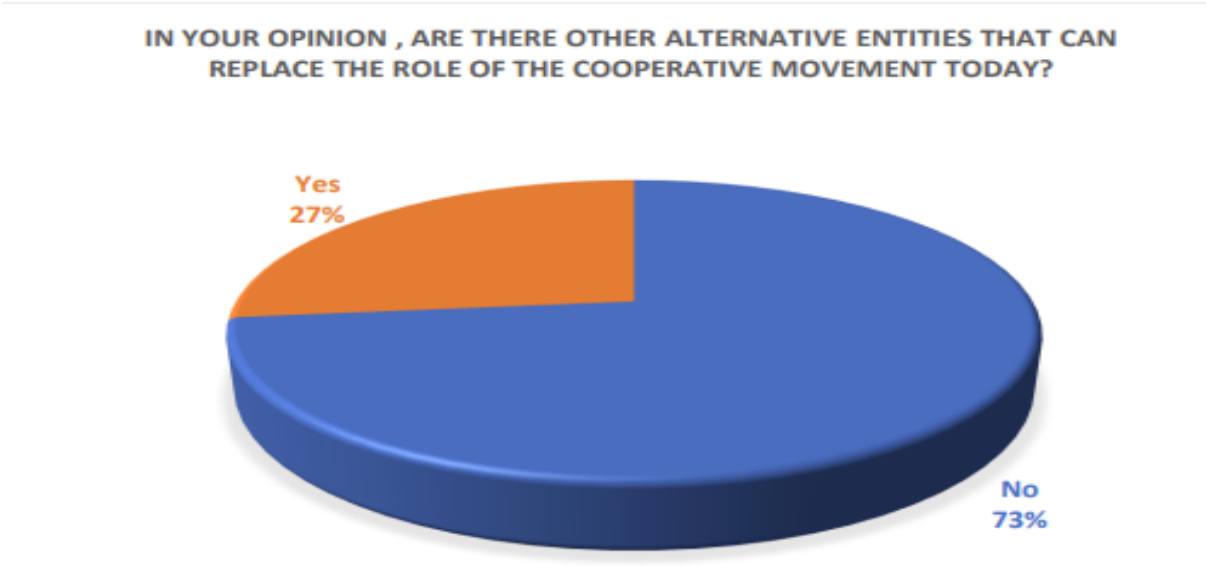
In a similar manner, when the participants asked to assess the anthropocentric banking services of the Cooperative Movement, yet again the vast majority of the participants 94.1% considered there anthropocentric services of the movement at least important. More specifically, a 44.1% answered "very important", 50% as important, while only a 5.9% considers the anthropocentric services of the movement of the low importance (See Figure 8.7).

Figure 8.7



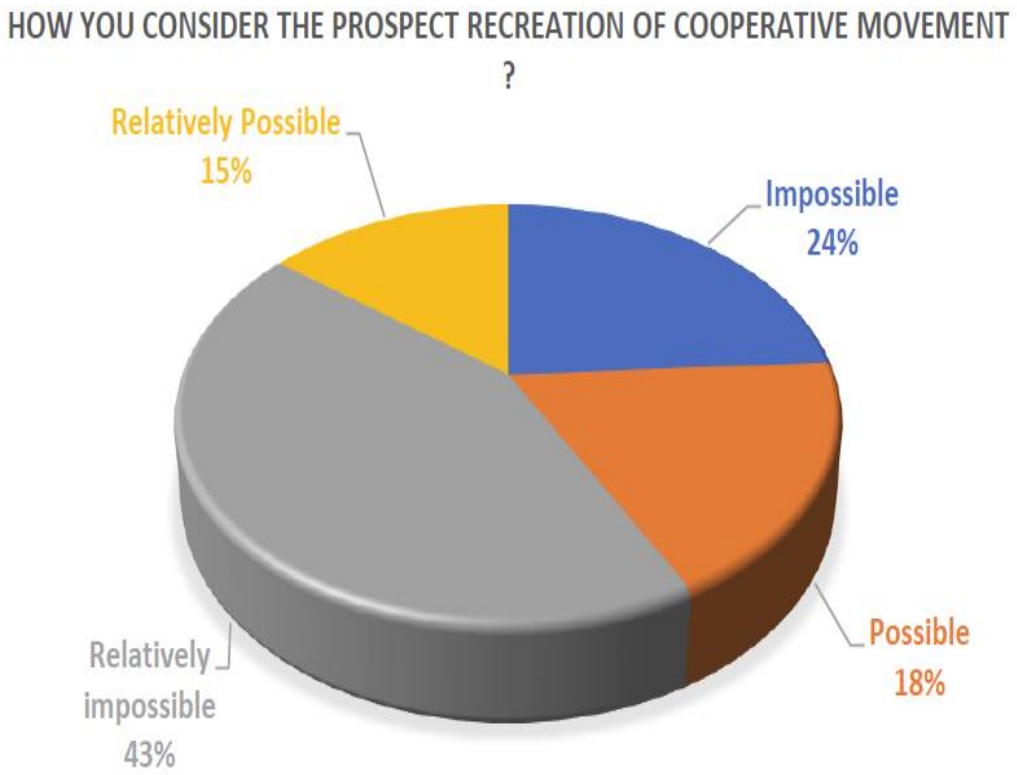
In a different manner, when the participants asked to State whether there are any alternative entities that can replace the role of the Cooperative Movement, the vast majority of the participants(73.3%) stated no, while, only 26.7% stated "yes" (See Figure 8.8). The particular fact, is an additional indication of the unique nature and the irreplaceable role of the cooperative movement.

Figure 8.8



Finally, when the participants have been asked to assess the prospects of a possible reconstitution of the Cooperative Movement, the opinions where diversified, with a 24% answered impossible, 43 % answer relatively impossible, 15% relatively possible and a 18% possible (See Figure 8.9)

Figure 8.9



9. Interpretation of findings & conclusion

The research outcome, that points out almost 66,7% off them replied very important, 31,4% of the respondents consider the role of Cyprus Cooperative movement as at least important, comes in line with the work of Chitsike (1988), as it has been vied in section3.0 of the thesis and which, notes that a necessary feature of a cooperative is the mutual commitment of each member involved. In a similar manner, the outcomes of the survey are in line with the statements of the National Cooperative Business Association (NCBA) (2005) also states that cooperatives are formed by their members, especially when the market fails to provide the much-needed goods and services at affordable prices and of acceptable quality. In light of these sentiments, one can note that cooperatives empower people to improve their quality of life and to enhance their economic opportunities mainly through self-help projects. The particular fact also is ensured by the results of the survey and in particular by the point where the participants have been asked to claim extend to which the collapse of the cooperative movement had affected their daily life, and 32.4% answered “very much”, 37.3 answered “enough”, where are you yeah 27.5% replied if you and only 2.9% answers “not at all” (See Figure 8.5)

In a similar manner the particular results are ensuring the statement of Dr. Karl Birkholzer who stated that the role of social enterprise in local economic development is to provide: Local economic initiatives understand their locality or community like an enterprise or company as a coherent and independent economic system whose objectives are not individual aims, but what is called “social profit”, “community benefit”, or “for the common good.”

Social enterprises enjoy growing political support around the globe. In the European Union, for example, social enterprises are supported through a number

of initiatives that promote the creation and development of this form of organisation (European Commission, 2017)In addition to the results of the particular results It is extraordinary remarkable, the importantly negative impact of the collapse of the cooperative movement it is reflected and by the fact that while in other European countries in nowadays the institution of the cooperative movement is strengthened and promoted by society and governments as well as by the European Union itself, (see example of *Coöperatieve Rabobank U.A)* while in Cyprus the cooperative movement has closed its doors in August 2018.

Moreover, another fact that supports the claim that the collapse of the Cypriot cooperative movement was harmful for the local communities, is the fact that while social enterprises enjoy growing political support around the globe in Cyprus the cooperative movement has closed its doors. The particular fact is becoming even more crucial and critical, if we considered that the collapse of the Cypriot cooperative movement is something which cannot easily be replaced. The particular fact is reflected by the findings of the survey since, when the participants have been asked to assess the prospects of a possible reconstitution of the Cooperative Movement, the opinions where diversified, with a 24% answered impossible, 43 % answer neither impossible, 15% relatively possible and a 18% possible (See Figure 8.9).

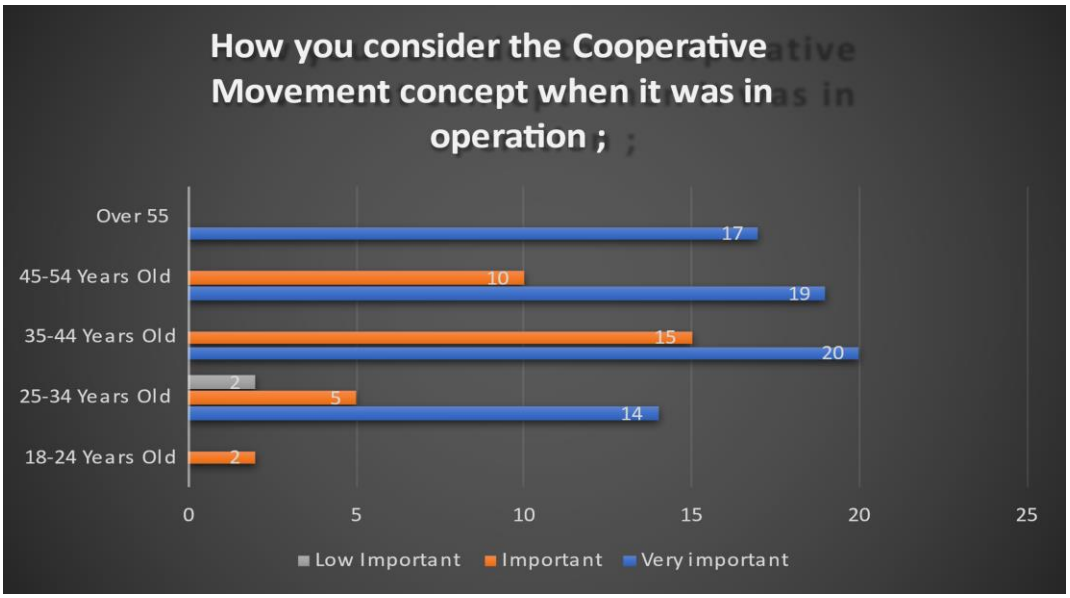
Moreover as it is emerges from the facts and it is supported by the findings of the research, the establishment of the Cyprus Cooperative Movement, at the beginning of the twentieth century, was the most substantial reaction of society against the economic and social oppression of the individual and mainly against the phenomenon of usury. The long stay of Cyprus under the yoke of foreign conquerors had decisive consequences for the Cypriot society. The social system imposed on the people of Cyprus hindered any progressive effort and thwarted

any individual initiative. In these difficult conditions, the Cooperative Institution was implemented, which, with its focus on the human being, played an important role, both in the economic development and in the social progress of the Cypriot people.

Furthermore, as it's mentioned in section 8.0, the role of the cooperative movement is perceived more or less in a similar manner by men and women. Likewise, the collapse of the movement is perceived more or less in a similar manner by men and women.

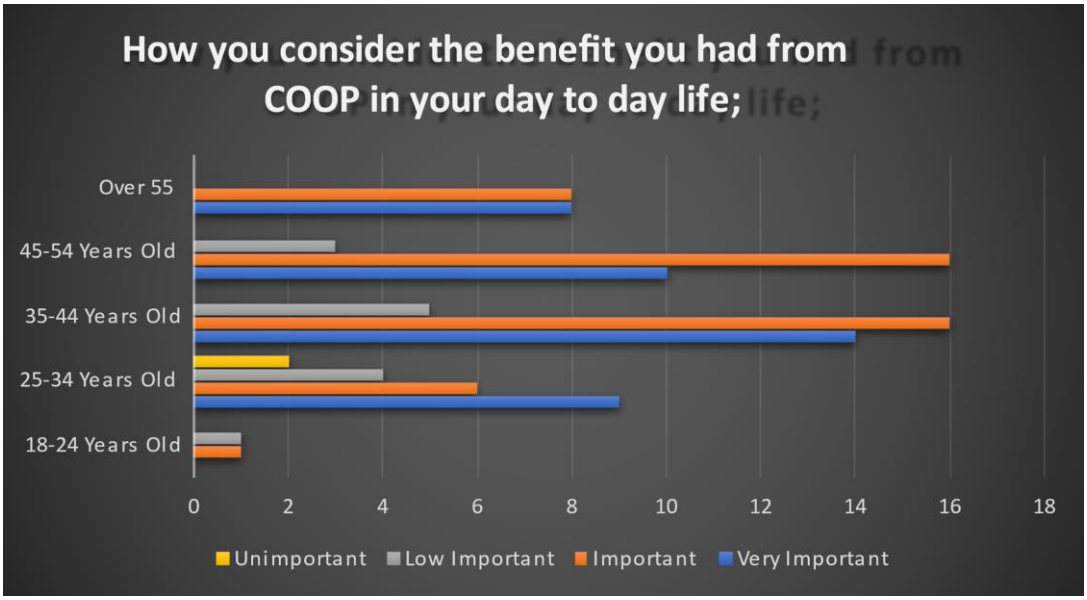
Moreover, the contribution of the movement is perceived as very Important vast majority of the participants, excluding age group oaf 18 -24, Which had a smaller number of participants and 100% of them answered "Important" (See Figure 9.1).

Figure 9.1



It might be worth mentioning that even the fact the younger generations did not experience the benefits and the supportive role of the co-operative movement, the still perceiving the importance of the movement and is contribution in the Cypriot society and in particular in rural areas. (See Figures 9.1 and 9.2)

Figure 9.2



However, when the specific age cluster have been asked to state the personal benefit of the operation of the cooperative movement, as well as the impact that the collapse of the movement had on their lives, their answers where reflecting the lack of personal experience of the co-operative notion.

See Figures (9.3 and 9.4).

Figure 9.3

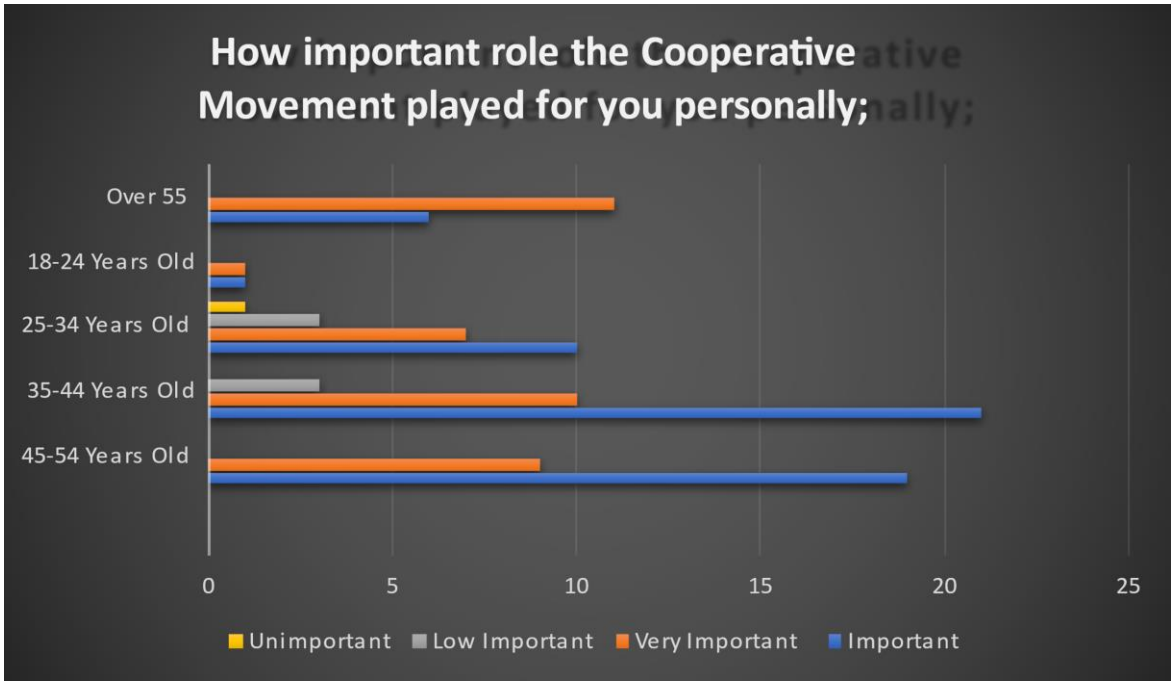
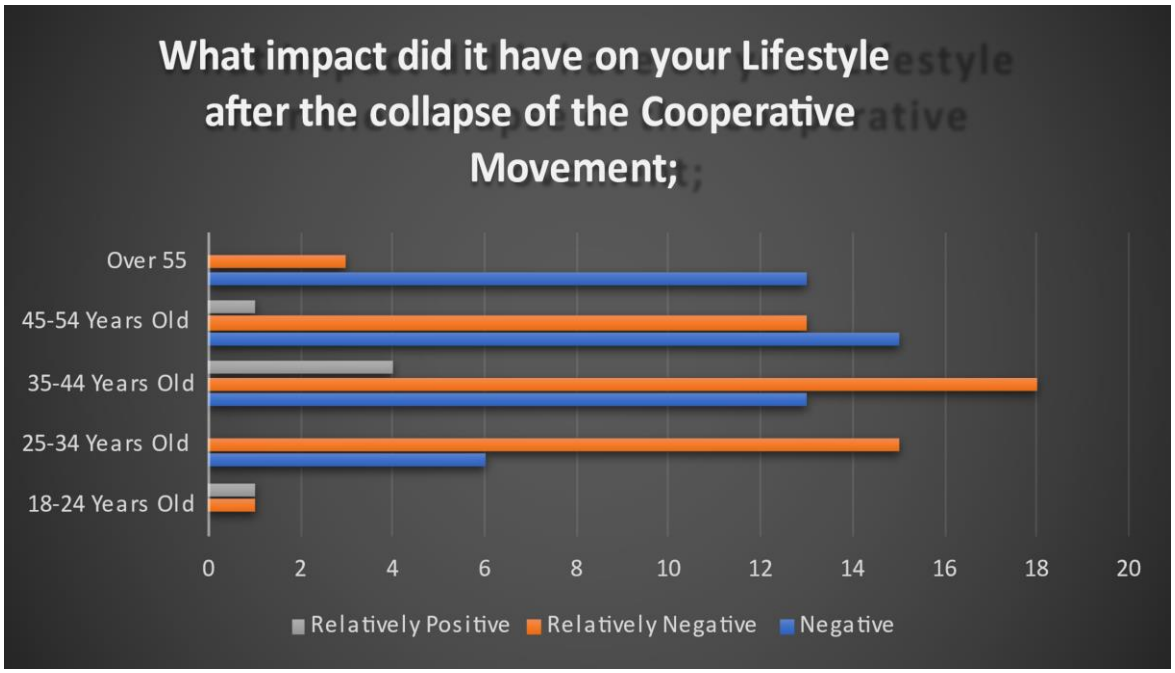


Figure 9.4



10. Research Limitations

For carrying out the study, the researcher faced several of challenges. The study had to be carried out within the restrictions due to the global pandemic of coronavirus COVID-19 where precautions needed to be taken during interviews. The researcher had to find alternative ways in order to collect information and used google application for sending the questionnaire to the participants. The researcher sent about 300 messages in order to collect 105.

The fact that the researcher is full time employee and father of three minor children this made difficult to balance the demands of work, daily life and the research.

Despite these limitations, the researcher managed to seek assistance from family and friends for the study to be successful. On the issue of time, the researcher would in some instances make prior arrangements and take annual leave from his work in order to complete the study.

11. Recommendation for further research

In order to expand the research more thoroughly and in a more comprehensive way, and in order to fill in the gap of the existing research, it is suggested to consider the use of f mixed methods.

According to Greene (2007), mixed methods are called the multiple ways of swing and hearing (p20)[33]. Gathering information on quantitative instruments and on qualitative information reports centred on focus groups to see if the two types of data show similar results but from different perspectives. The research focus of a further research should concentrate on the use of two basic research methods (questionnaire and Focus Group), each of which responds to individual research questions and aims to serve specific purposes. It emerges that mixed methods in this field of research cover the disadvantages offered in single method. In this project, qualitative methods with quantitative ones are combined, by highlighting the fundamental role it plays in the development of a comprehensive awareness regarding the perceptions of the Cypriots regarding the co-operative movement and the social cost of its collapse. In addition, in the prospect of future research the quantitative analysis should be more comprehensive and should involve further statistical analysis, such as Anova tests, T tests, and Pearson Correlation, in order to provide some evidence about the impact and the correlation between the researchable variables.

[33] *Greene*, J. C. (*2007*). Mixed Methods in Social Inquiry. San Francisco: Jossey- Bass. DOI: 10.1177/1558689807314013.

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Appendix 1

Questionnaire

1. How you consider the Cooperative Movement concept when it was in operation?

   1 Unimportant
   2 Low Important
   3 Important
   4 Very important

2. How important role the Cooperative Movement played for you personally

   1 Unimportant
   2 Low Important
   3 Important
   4 Very important

3. How you consider the benefit you had from COOP in your day to day life ?

   1 Unimportant
   2 Low Important
   3 Important
   4 Very important

4. To what extent did the collapse of the Cooperative Movement affect your daily life?

   1 Not at all
   2 Minimum
   3 Very
   4 Very much

5. What impact did it have on your lifestyle after the collapse of the Cooperative Movement ?

   1 Negative
   2 Relatively Negative
   3 Relatively Positive
   4 Positive

6. How do you assess the anthropocentric banking services of the Cooperative Movement before it collapses?

   1 Unimportant
   2 Low Important
   4 Important
   5 Very important

7. In your opinion, are there other alternative entities that can replace the role of the Cooperative Movement today?

   1 Yes
   2 No

8. How you consider the prospect recreation of Cooperative Movement?

1 Impossible
2 Relatively impossible
3 Relatively Possible
4 Possible

Demographic questions

Age

9. What is your age?

18-24 years old
25-34 years old
35-44 years old
45-54 years old
Over 55

10. Gender (Sex)

What is your gender?

a. Male
b. Female

11. Education Level

a. Master or Doctorate Degree
b. Bachelor Degree
c. Higher Technical Vocational Education Degree
d. High school diploma
e. Primary school diploma

12. Employment Status

a. Full time employee
b. Part time employee
c. Unemployed
d. Retired
e. Self-employed

13. Marital status

What is your marital status?

a. Single
b. Married
c. Divorce

14. Household Income

What is your household income?

a. Below 12000 euro
b. 12000-20000 euro
c. 20000-50000 euro
d. 50000-100000 euro
e. Over 100000

15. Living Place

Where is your living Place?