

Evaluation of the Start-Up Nation Romania Program based on the Perception of Entrepreneurs

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Abstract

The main objective of the research is to delimit and analyze the perception of entrepreneurs in relation to the Start-up Nation program in Romania. On the other hand, the study proposes to investigate the role of several specific factors imposed by this phenomenon as an integral part of modernity. The Start-Up Nation Romania was conceived as a tool to stimulate entrepreneurship and support new businesses through non-reimbursable grants. This paper analyses the effectiveness of the program from the beneficiaries' perspective, focusing on entrepreneurs' perceptions of the economic impact, administrative procedures, accessibility of funds and sustainability of the funded businesses. The study is based on questionnaire data collected from a sample of participating entrepreneurs, highlighting both the positive aspects of the this - such as the funding opportunity and support for private initiative - and the difficulties encountered, such as excessive bureaucracy, delays in disbursement or lack of post-implementation advice. The research results provide a realistic picture of how the program is perceived by beneficiaries and make recommendations for improving future editions.

At the same time, it is noted by various models or broad principles existing both at national and global levels. Through systematic research of the specialized literature, it was possible to confirm a niche gap in the field - the one represented by the deficit of scientific information resources regarding economic performance and the need to configure studies that capture the essence of the indicators that lead to performance in the field. In a vast specialized literature, this research is positioned both within the framework of theoretical and applied research, which provides clues regarding the connection between this established program and the development of modern techniques for promoting future economic principles. The originality of the article lies in the fact that the research targeted by this paper has an applied importance, given the fact that it presents the information described from the perspective of the primary data source for the analysis carried out. Through this paper, it attempted to change the perception for the product to become, the fact that in its development the main role is not played by banks, but by the state and private financing companies, which would automatically make it riskier.

Keywords:

Development, entrepreneurs, start-up, Romania.

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Introduction

The purpose of this article is to analyze the implementation process of the Start-up Nation program from the perspective of the beneficiaries of this program in order to understand how the program contributes to stimulating entrepreneurship in Romania.

This program has been implemented for several years in Romania and it is important to understand how it has evolved over time, the aspects that contribute to the success of the companies established through the program, but also the barriers to the development of business ideas. According to Schumpeter, entrepreneurship aims to identify market opportunities, introduce new goods, innovative techniques and methods, and secure new sources of supply (Korez-Vide&Tominc, 2016).

This circular flow is seen by the author as an innovative activity influenced by an economic balance (Alvord, Brown and Letts, 2004). The significance of the concept of entrepreneurship is also analyzed from the point of view of content and can be viewed as an interdisciplinary field.

Entrepreneurship has in its structure economic activities, management, politics, finance, strategic planning, business history, geography, sociology, psychology, human resources, marketing, etc. From this perspective, entrepreneurship occurs when there is a transfer of concepts and methodologies between one or more fields (Asgary, Ozdemir and Özyürek, 2020). Entrepreneurship is a dynamic process with a complex action in identifying and capitalizing on opportunities. In addition, entrepreneurship involves uncertainty, risks and requires innovation, creativity and flexibility. From a conceptual point of view, entrepreneurial activity takes place in an economic balance, is based on the sum of several fields of science and brings together their resources to capitalize on opportunities.

1. Review of the scientific literature

Entrepreneurship plays an important role for both the national and international economy (Rădulescu et al., 2020). Over time, theorists have increasingly developed this subject. Thus, there are currently numerous studies showing that private firms bring added value regardless of the core activity they perform (Crocì, 2016). Entrepreneurship helps create and increase jobs. At the European level, according to a report prepared by the European Commission in 2003, 66% of the total 32 jobs were provided by SMEs. The situation is similar in Romania, where SMEs employ approximately two-thirds of the total number of employees.

Entrepreneurship stimulates competitiveness. In general, competitiveness represents a combination of macroeconomic and microeconomic factors of a country, which ultimately lead to economic growth (Ben-Ari and Vonortas, 2007). The establishment of a new company imposes pressure on competition, which will react by improving the business. Innovative activities require human and material resources in particular, they lead to an increase in the number of jobs and the diversification of the supply of goods and services (Wonglimpiyarat, 2011).

All these aspects ultimately generate market stabilization and a favorable climate for consumers (Minniti and Lévesque, 2008). The impact that the entrepreneurial environment has on society is not limited to the creation of new jobs or the products and services offered by companies. Social entrepreneurship is a sub-field that encourages the development of the entrepreneurial environment. In this case, the objectives of entrepreneurs focus on achieving social goals, because they assume commitments and look at things in the long term (Hagedoorn, 1996). Relevant examples in this case can be nature-friendly businesses, where entrepreneurs pursue technological processes that are as little harmful to the environment as possible. Entrepreneurship is able to unlock personal potential, and individuals manage to make the most of their qualities (Rahaman et al., 2021).

The benefits offered by the entrepreneurial environment are accompanied by risk-taking (Bodislav et al., 2020). Entrepreneurs expose themselves to risk even when they choose to promote their business idea in a new market or choose to invest in innovative ideas (Bran et al., 2023). At the same time, resources are limited, and their allocation represents another business risk (Korez-Vide and Tominc, 2016). Entrepreneurs take risks due to competitive pressure. Risk-taking is the key factor in identifying opportunities and progress (Bran et al., 2020). When a market player takes the risk of trying something new or different, which other market players are not willing to take, he has a chance to become a market leader in his field (Wang, 2016). The performance of a business is influenced by risk-taking. Xu (2015) showed that SMEs that take risks have higher growth and better long-term profitability compared to companies that are not willing to take risks.

Kim and Vonortas (2014) present a distinct approach to the subject in which risk must be viewed from three perspectives: technological risk, market risk and financial risk (Kim and Vonortas, 2014). Technological risk involves new technological systems and techniques that are based on artificial intelligence. The degree of uncertainty is given primarily by the reaction of the end customer, since the technological process can affect the product/service offered.

The entrepreneur cannot anticipate whether the new system will be of interest to customers. Another cause may be the inability of the company to adapt to the process, employees are not prepared, are not willing or do not want to evolve (Massa and Testa, 2008). Market risk focuses on the importance of entrepreneurial marketing. The customer is the main subject and the entire activity is carried out around him. Entrepreneurs who are market-oriented identify customer needs and pursue customer satisfaction.

At the same time, they invest in marketing campaigns that provide them with timely information about the competition and customers (Mu, Peng and MacLachlan, 2009). Intuitively, financial risk affects the monetary resources of the firm. Entrepreneurs assume a particular risk when they choose to invest, thus, the tangible value that is lost can affect the entire activity of the company (Neequaye et al., 2017).

2. Research methodology

The general objective of the study aimed to analyze the perception of entrepreneurs regarding the measures developed by the Romanian Government to stimulate entrepreneurship through the Start-up Nation grant program. Although such a program is implemented at the national level, which should help the economic development of the country, there are still dissatisfactions from entrepreneurs, and the program does not seem to be fully effective, as demonstrated by the number of enterprises that close their activity even before the implementation of the project, respectively during the development or after the completion of this project.

The specific objectives of this study were: (1) identifying the extent to which Romanian entrepreneurs are satisfied with the Start-up Nation program; (2) identifying the main barriers to accessing the Start-up Nation grant program; and (3) identifying the extent to which entrepreneurial education can influence the performance of a new business. The research population is represented by people who have applied to at least one of the editions of the Start-up Nation Romania grant program. Due to the existing limitations, a non-probability sampling method was adopted. The sociological survey was used as the data collection method and the data collection tool was the questionnaire administered online.

The questionnaire was distributed via social networks. 65 private messages were distributed via the Facebook platform, and the communities in which people who applied for the Start-up Nation grant program are active were tracked. The questionnaire was distributed in the following Facebook groups: "All about business", "Group of entrepreneurs in HoReCa", "Group of entrepreneurs in Romania", "Start-up Nation Romania", "Start-up Nation - Information and answers", "START-UP NATION 2023 - European funds", "START-UP NATION ROMANIA 2022–2027", "START UP NATION", "Student questionnaires". At the same time, through hashtags we identified five suppliers of technological equipment for start-ups, and through messages sent by email we requested their help, being at their choice whether or not to distribute the questionnaire to the clients who could be included in the research sample.

Two consulting firms gave us access to the databases of clients who signed up for the editions of the Start-up Nation Romania grant program, and we subsequently distributed the questionnaire link to the people who accepted to be part of this study. In this way, we managed to distribute 80 questionnaires, with most responses (40) being obtained through this method. At the same time, in distributing the questionnaire we also received help from the NGO Civitas, which also works in the field of entrepreneurship and social economy. So, 150 questionnaires were directly distributed, and in the end, we obtained 60 completed and valid questionnaires.

3. Results and discussion

The sample size taken for the research was 55 people. In this regard, male respondents accounted for 52 per cent and female respondents accounted for 48 per cent. The majority of the respondents were from urban areas (65.4 per cent), while only 34.6 per cent of the respondents were from rural areas. In terms of age distribution, the majority of respondents (44.2%) were aged between 26 and 35 years. In descending order, the next largest category is 30.8 per cent with respondents aged 36–45 years.

Of the total number of respondents, 17.3% were between 18 and 25 years old. The fewest respondents (7.7%) were people aged between 46–60 years old. Taking into account all the answer options, none of the respondents were over 60 years of age. The majority of people (51.9%) who took part in this study are graduates of higher education, bachelor's level. In descending order, 17.3% of the respondents graduated from high school, 15.4% are graduates of vocational technical education, and 13.5% have graduated from higher education, master's level.

Of the total number of respondents, only one person (1.9%) is a graduate of higher education, doctoral level. None of the respondents has a secondary school education as their level of education. At the same time, most of the respondents (26%) are graduates of economic sciences, an equal share (16%) have respondents who graduated from exact sciences, respectively natural sciences.

Also with an equal share (4%) are respondents who graduated from legal sciences and arts. Of the total number of respondents, 10% graduated in social and political sciences, 6% of respondents graduated in humanities, and 18% of them graduated in fields other than those presented above.

In terms of field of activity, most of the respondents (23.1%) have businesses in the field of trade, 21.2% work in the field of construction, 15.4% work in the field of services/creative industries, 13.5% work in the field of services and 11.5% work in the field of the food industry.

With an equal weight of 1.9% are the respondents whose field of activity is transport and storage, respectively the IT field. Of the total number of respondents, 3.8% are active in the health and social assistance field, respectively 7.7% of the respondents are active in the metallurgical industry. None of the respondents has the extractive industry or agriculture (including forestry and fishing) as their business activity field.

The majority of respondents (61.5%) currently have between 1 and 5 employees, while only 1.9% of them have between 16-30 employees. Of the total number of respondents, 36.5% of them have between 8-15 employees. None of the people who took part in this study has a number of employees in the category of 31-50 employees, respectively over 50 employees. We also wanted to find out whether the entrepreneurs had another business before applying for the Start-up Nation program.

To analyze entrepreneurs' perception of the availability of entrepreneurial financing in Romania, we used two variables (Table no. 1). The highest mean value (3.04) is obtained by the item referring to the availability of credit for new and growing businesses. Most respondents state that they partially agree with this statement. In the case of the following variable "At the national level, there are sufficient government subsidies available for new and growing businesses", the mean was 2.48. Two equal weights were obtained, with most respondents (26.92%) being in total disagreement, respectively neither agreeing nor disagreeing with this statement.

Therefore, taking into account the two factors analyzed (Table no. 1), most respondents partially agree that at the national level there is sufficient financing through loans for new and growing businesses, but most of them express total disagreement, namely neither agreement nor disagreement with the statement that at the national level there are sufficient government subsidies available for new and growing businesses.

Table no. 1. Perceptions related to the availability of entrepreneurial financing in Romania

	1	2	3	4	5	Average	Standard deviation
At the national level, there is sufficient financing through new and growing business loans	21.16%	19.24%	15.38%	23.08%	21.15%	3.05	1.48
There are sufficient government subsidies available for new businesses nationwide.	26.93%	25%	26.93%	17.4%	3.85%	2.48	1.21

Respondents were asked to select the main barriers to launching and developing a start-up in Romania; they could choose up to 5 answer options. Taking into account the respondents' choices shown in Figure no. 1, most believe that the main barrier to launching and developing a start-up in Romania is, in fact, the

bureaucratic system, with many administrative formalities” this answer being chosen with a frequency of 61.6%. The second factor that makes it difficult to launch and develop new businesses refers to limited access to financing programs for start-ups” and was chosen with a proportion of 57.9%.

A small number of experts in validating ideas and providing mentoring for start-ups is another factor that obtained a high weight from entrepreneurs, thus 55.8% of respondents consider that this factor makes it difficult to launch and develop start-ups. At the same time, entrepreneurs believe that difficult bureaucratic procedures regarding acquisitions are also an essential problem, this option being chosen by 50% of respondents. In hierarchical order, insufficient tax incentives for start-ups” is the factor that ranks fifth and was chosen by 48.2% of respondents, respectively in the same position with an equal value is the option the entrepreneurial ecosystem is not adapted to start-ups. At the same time, “the lack of an advantageous legislative framework for start-ups.

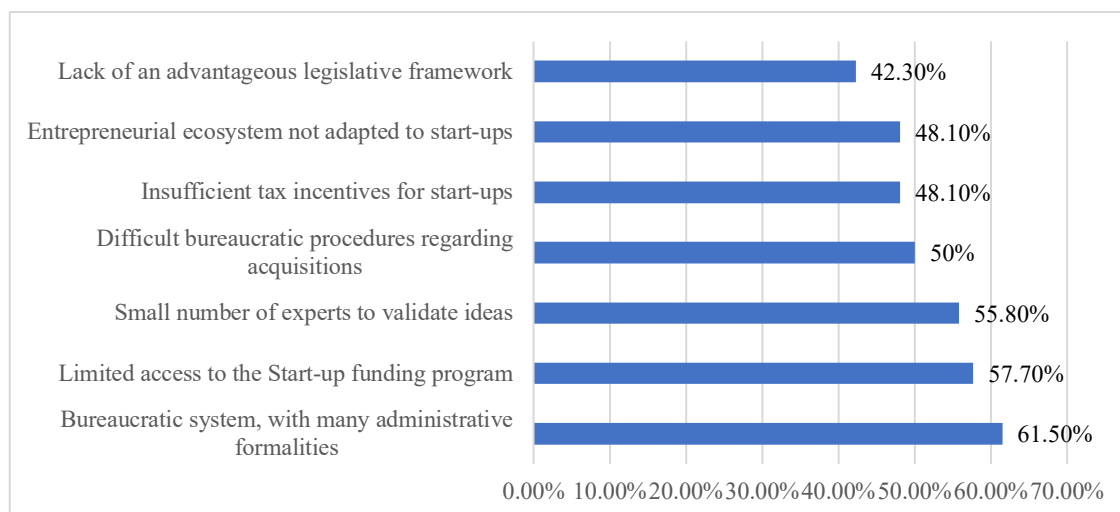


Figure no. 1. The main barriers to launching and developing a start-up in Romania

To analyze entrepreneurs’ perceptions of entrepreneurship education, we used two variables: whether they had taken an entrepreneurship course and when they took it (Figure no. 2). Of the total respondents involved in this study, 78.4% had taken an accredited course. Most of the respondents who had taken an entrepreneurship course (41.4%) had done so before applying for the Start-up Nation grant program, 32.4% had taken the course during the implementation of their business idea, and 16.2% had taken the course before starting their business.

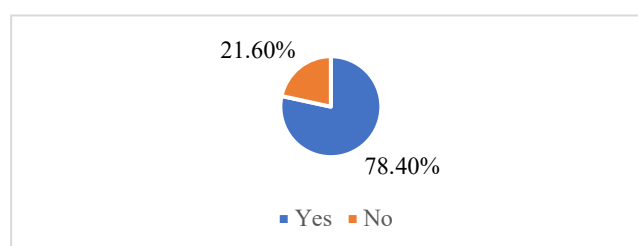


Figure no. 2. Share of people who have taken an accredited entrepreneurship course

At the same time, the perceptions of entrepreneurs related to entrepreneurial training were also analyzed and two factors were proposed for analysis, the highest average value (3.72) is obtained by the item I am willing to take specialized courses to improve my entrepreneurial knowledge in order to develop my business, where most of the entrepreneurs (40.4%) completely agree with this statement.

The second variable is entrepreneurial training was useful in starting my own business and obtained an average value of 3.59. Of the total number of respondents, 30.78% partially agree with this statement. Next, we wanted to find out what the plans are regarding the business financed through the Start-up Nation program. According to the data presented in Figure no.3, the majority of respondents (50%) intend to develop

their business in the coming period, 30.8% of respondents want to maintain the current state of the business, 11.5% intend to close the business, 5.8% intend to reduce their business, while only 1.92% of respondents plan to change their business activity field.

Table no. 2. Perceptions related to entrepreneurial training

	1	2	3	4	5	Average	Standard Deviation
I am willing to take specialized courses to develop my skills	9.61%	15.38%	9.61%	25%	40.38%	3.72	1.39
The entrepreneurial training was useful in terms of starting my own business.	7.69%	9.61%	25%	30.76%	26.92%	3.59%	1.2%

Regarding the entrepreneurs' perception of implementing a financing program for business expansion/development, the average value of the responses received is 3.80, and most of the respondents agreed with this statement (67.34% chose the options to a large and very large extent). Therefore, most of the respondents believe that implementing a financing program for the expansion/development of businesses that were established through the Start-up Nation Romania program would be useful (see table 2).

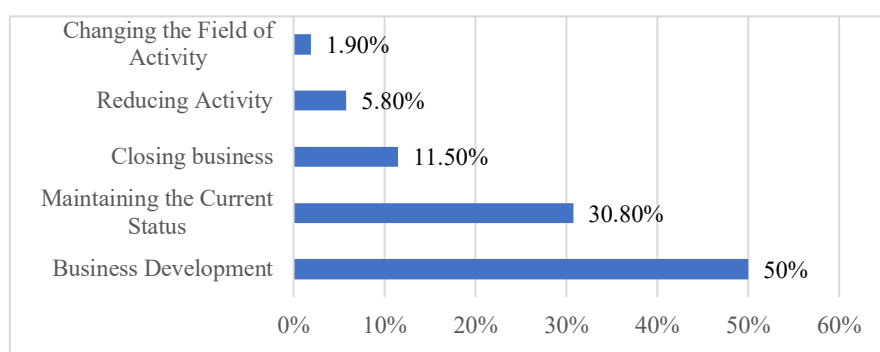


Figure no. 3. Activities proposed by entrepreneurs regarding the status of the business for the next period

Conclusions

Even though the entrepreneurial environment in Romania still has many stages to go through before reaching the level of maturity of the entrepreneurial environment in Europe, Romanian entrepreneurs and the public sector are trying to take as sure steps as possible in this direction. Certainly, most entrepreneurs want their companies to increase their performance, but, nevertheless, they omit important steps to achieve this objective. The need for entrepreneurial education is high, even if entrepreneurs believe that it is not the main factor in achieving performance. However, taking into account the results obtained from the research conducted, most entrepreneurs have taken at least one entrepreneurship course (78.4%), and of these, 41.4% took the course before applying for the Start-up Nation program. Entrepreneurs believe that at the national level there are sufficient sources of financing through loans for new and growing businesses, but, at the same time, they believe that at the national level there are not enough government subsidies available for new and growing businesses.

Most respondents believe that the Start-up Nation Romania grant program helped them develop their own business and would recommend this program to others. At the same time, the information collected showed that the main barriers to launching and developing a start-up in Romania refer to the bureaucratic system,

with many administrative formalities, limited access to start-up funding programs and the small number of experts in validating ideas and providing mentoring for start-ups.

The funding obtained through the Start-up Nation program is not the most important factor influencing the success of a business, with respondents considering that the willingness to take risks, speculation and the spirit of adventure, as well as previous experience in the business field play a more important role in ensuring the success of a business.

Entrepreneurs' choice to start a business is most influenced by the identification of an opportunity, the entrepreneurs' desire to be self-employed and their passion for the business field. Considering the information analyzed, supplementing government subsidies can help to grow the business environment.

The research on entrepreneurs' perceptions of the Start-Up Nation Romania programme provides a valuable starting point for in-depth analyses and for improving public policies to support the business environment. Among the most relevant applications and directions for extension are: the formulation of more effective public policies, the development of continuous monitoring and evaluation tools, the extension of research at regional and sectoral level.

An important extension line is to analyse differences in perceptions by geographical region, industry or business size, providing a more nuanced understanding of the needs of entrepreneurs.

The research can be extended by benchmarking with other similar national or European programmes to highlight good practices and identify alternative models for supporting entrepreneurship.

Further research could aim at tracking the evolution of the funded firms after the end of the implementation period, assessing survival rates, turnover growth and contribution to employment.

Depending on the findings of the research, adaptations of the programme for special categories such as young entrepreneurs, women entrepreneurs or people in rural areas may be proposed.

Respondents consider that a program for the expansion/development of existing businesses is useful. For example, a reassessment of the framework in which start-ups are used at the national level and the identification of key sectors that help national development are useful. Thus, the establishment of companies can be encouraged, especially in those areas, by implementing dedicated financing lines.

The government should not only consider setting up as many businesses as possible, it is also necessary to support already funded businesses, we propose implementing a financing line for the expansion of successful start-ups and those that stand out through innovative and sustainable activities, or any other criterion that represents interest at the national level.

Improving the regulatory framework that involves simplifying bureaucratic procedures, reducing barriers to implementing a business and making administrative tasks accessible can help develop the private business environment.

The main limitation of this research is the small number of completed questionnaires, which means that the results cannot be generalized to the entire population of entrepreneurs who have developed a business with the help of funding provided through the Start-up Nation program. The entrepreneurs contacted were reluctant to keep the information provided confidential.

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