

QUALITATIVE STUDY ON THE MANAGEMENT OF START-UPS FINANCED FROM EUROPEAN GRANT FUNDS

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ABSTRACT: The study focused on the impact of 100% non-refundable European funds on new businesses established in Romania through the Start-up Plus and Start-up Diaspora financing programs. In this sense, a standardized questionnaire consisting of 35 questions was designed and applied to a sample of 198 entrepreneurs who benefited from 100% non-refundable financing of approximately 40,000 euros during the years 2019 - 2020. As a result of the validation of all questionnaires completed by the beneficiaries of these types of funding, we used SPSS v.16.0 and SPSS v. 29.0 to interpret the obtained data. The obtained results led us to a series of worrying conclusions regarding the management and sustainability of this type of financial support among newly established enterprises. The result of this research can represent one of the most important starting points for the central public authorities necessary for the development of future funding lines

KEYWORDS: Entrepreneur, European Funds, Research Infrastructure, Financial Management, Start-up

1. INTRODUCTION

On December 16, 2020, the EU Council adopted on December 17, 2020 the regulation on the new Multiannual Financial Framework (MFF) 2021-2027 and the Next Generation EU (NGEU) economic recovery package. The regulation provides a long-term budget of €1,074.3 billion for the EU27 (the 27 member states left after Brexit) in 2018 prices, including the integration of the European Development Fund. Together with the EUR 750 billion NGEU, it will enable the EU to provide an unprecedented EUR 1.8 trillion in funding over the coming years to support the recovery from the COVID-19 pandemic and the EU's long-term priorities in different areas.

2. INITIAL DATA OF THE STUDY

The sample of respondents was composed of 198 people, with the following identification data: age: 31.3% of respondents aged between 18-35; 37.4% aged between 36-45; 27.3% aged between 46-55 years; 4.0% aged between 56-65 years; educational level: 1.0% attended general school; 13.1% with high school education; 8.1% with post-secondary education; 16.2% with professional studies; 50.0% with university education and 11.6% with postgraduate education; gender: 57.1% men and 42.9% women.

3. RESEARCH OBJECTIVES

- (1) Determining the respondents' perception of the Start Up Plus and Diaspora projects;
- (2) Identifying and using an appropriate research method and data collection tool;
- (3) Identifying and questioning a sample relevant and representative of the research;
- (4) The collection of valid data that allows the identification of a more faithful image of the research subject.

4. ADVANTAGE

According to a third of the respondents, the main motivation to become an entrepreneur through the StartUp Plus/Diaspora program is both internal and financial, thus 34.8% stated that they took advantage of the free financing to put into practice a business idea that they believe.

20.2% noted that they were attracted by the opportunity offered to people who had no previous contact with the field of business management and 14.1% were motivated by the financial part.

The Table 1 and the Figure 1 present the central and dispersion measurements. To measure the central tendency, we note that the value of the Mean is 2.619 and the value of the Mode is 1.000, which indicates that the highest frequency of responses belongs to the respondents who "took advantage of the free financing to implement a business idea that they believe".

Table 1. Statistic: The main motivation to become an entrepreneur

Statistics		
1) Please choose from the options below what was your main motivation to become an entrepreneur through the StartUP Plus/Diaspora program?		
N	Valid	194,000
	Missing	4,000
Mean		2,619
Std. Error of Mean		,117
Median		2,000
Mode		1,000
Std. Deviation		1,625
Variance		2,641
Skewness		,664
Std. Error of Skewness		,175
Kurtosis		-,780
Std. Error of Kurtosis		,347
Range		5,000
Minimum		1,000
Maximum		6,000
Sum		508,000
Percentiles	25	1,000
	50	2,000
	75	4,000

Figure 1. The main motivation to become an entrepreneur

In the Table 2 and Figure 2, you can see the respondents' answers regarding the usefulness of the theoretical part of the project. The impact of the theoretical part is predominantly positive. For more than half of the subjects (51.0%), the theoretical part, which included courses, mentoring, and counseling, was very useful in carrying out the project, and for the rest 37.4%, it was useful.

The table and histogram show the values after the measurement of central tendency and dispersion. Thus it is observed that the value of the Mean is 4.374, while the Mode has a value of 5.000, the highest frequency of responses belongs to the high usefulness of the theoretical part and the standard deviation (Std. Deviation) is 0.742.

Table 2. Statistic: Considerations regarding the theoretical part in which they participated

Statistics		
2) Do you consider that the theoretical part (courses, mentoring, and counseling) of the project you participated in was useful for you?		
N	Valid	198,000
	Missing	,000
Mean		4,374
Std. Error of Mean		,053
Median		5,000
Mode		5,000
Std. Deviation		,742
Variance		,550
Skewness		-1,029
Std. Error of Skewness		,173
Kurtosis		,616
Std. Error of Kurtosis		,344
Range		3,000
Minimum		2,000
Maximum		5,000
Sum		866,000
Percentiles	25	4,000
	50	5,000
	75	5,000

Figure 2. Considerations regarding the theoretical part in which they participated

In Tables 3, 4, 5, 6, 7, 8, we identify the answers that the 198 study participants gave to the questions related to: Legislation, Business Plan, Budget, Public Procurement, Financial-Accounting, Sustainable Development.

Table 3. Legislative elements

		Frequency	Percent
Valid	Useful	134	67,7
	Neutral	56	28,3
	Useless	8	4,0
	Total	198	100,0

Tabel 4. Practical elements regarding the preparation of a business plan

		Frequency	Percent
Valid	Useful	132	66,7
	Neutral	63	31,8
	Useless	3	1,5
	Total	198	100,0

Table 5. Practical elements regarding the preparation of a business budget

		Frequency	Percent
Valid	Useful	137	69,2
	Neutral	59	29,8
	Useless	2	1,0
	Total	198	100,0

Table 6. Elements of procurement carried out within the business plan

		Frequency	Percent
Valid	Useful	132	66,7
	Neutral	60	30,3
	Useless	6	3,0
	Total	198	100,0

Table 7. Financial - Accounting elements

		Frequency	Percent
Valid	Useful	112	56,6
	Neutral	78	39,4
	Useless	8	4,0
	Total	198	100,0

Table 8. Elements related to Sustainable Development

		Frequency	Percent
Valid	Useful	99	50,0
	Neutral	75	37,9
	Useless	24	12,1
	Total	198	100,0

In just over half of the established companies (56.1%), as shown in Tabel 9 and Figure 3, the number of jobs assumed through the business plan remained throughout the entire duration of the project (implementation/monitoring) and it still exists today. A positive trend of adding additional jobs can be noted in the case of 10.6% of the companies and a negative trend of jobs being terminated can be observed in a third of the cases (33,3%).

Tabel 9. The number of jobs created

Statistics		
How has the number of jobs evolved in the company?		
N	Valid	198,000
	Missing	,000
Mean		1,773
Std. Error of Mean		,065
Median		1,000
Mode		1,000
Std. Deviation		,920
Variance		,847
Skewness		,468
Std. Error of Skewness		,173
Kurtosis		-1,664
Std. Error of Kurtosis		,344
Range		2,000
Minimum		1,000
Maximum		3,000
Sum		351,000
Percentiles	25	1,000
	50	1,000
	75	3,000

development of the business plan. We can see that only 19.2% of established businesses were hardly affected by this pandemic. At the opposite pole is a percentage of 21.7% who were affected so much that they suspended the activity several times or for a longer time. Almost half of the subjects (52.0%) felt an indirect impact through partner/customer difficulties and 7.1% will suspend or have suspended the business.

Tabel 10. The impact of the COVID-19 crisis

Statistics		
During the development of the business plan for which you received funding, did your business suffer due to the health crisis of COVID-19?		
N	Valid	198,000
	Missing	,000
Mean		2,237
Std. Error of Mean		,071
Median		2,000
Mode		2,000
Std. Deviation		1,002
Variance		1,004
Skewness		,670
Std. Error of Skewness		,173
Kurtosis		-,594
Std. Error of Kurtosis		,344
Range		3,000
Minimum		1,000
Maximum		4,000
Sum		443,000
Percentiles	25	2,000
	50	2,000
	75	3,000

Figure 3. The number of jobs created

5. RESULT

As can be seen from the data above (Table 3 - 8), the respondents were asked to evaluate, according to their perceived usefulness, a series of theoretical components presented in the courses, mentoring, and counseling sessions within the funding program accessed. 67.7% of the received legislative elements are considered useful in carrying out the process; 28.3% of respondents consider them to have a neutral impact and 4.0% see them as useless.

The practical elements regarding the preparation of a business plan were classified as useful in the proportion of 66.7%; 31.8% of the subjects considered them neutral information and 1.5% claimed that they are useless. The practical elements regarding the preparation of a budget were declared useful by 69.2% of the people interviewed; 29.8% believe that this information had a neutral impact on them and 1.0% of the people interviewed claimed that they are useless. The procurement elements in the business plan were useful to 66.7% of the subjects participating in the study, while 30.3% neutrally saw the usefulness of this information, and 3.0% stated that this knowledge was useless. The Financial - Accounting elements- - were perceived as useful information by 56.6% of the research participants; 39.4% of them mentioned that in their opinion they are neutral elements and 4.0% considered them useless. Also, elements related to Sustainable Development were useful to a percentage of 50.0%; 37.9% of respondents considered them neutral and the rest of 12.1% considered them useless.

Table 10, respectively the Histogram 4, below shows the impact of the COVID-19 health crisis on the

Figure 4. The impact of the COVID-19 crisis

6. CONCLUSIONS

The most appreciated theoretical elements were those regarding the development of a budget (69.2%), followed by the legislative elements (67.7%), those regarding the development of a business plan (66.7%), and the procurement elements within the business plan (66.7%).

In cases where the impact of the project was positive, the motivation for participating in a new project is financial (developing the business, putting a new idea into practice) and related to the intrinsic experience of the subject (personal development, opportunity, etc.). In cases where the experience of the initial project was negative, this fact is motivated by: the difficulty of carrying out the project due to government decisions, the fluctuation of the labor force in certain fields, the bureaucracy encountered, the current economic conditions, the imposed number of employees that must exist, the pandemic.

It is necessary for the future calls for projects to restore the conditions for granting grants. Also, a pragmatic approach is necessary regarding the implementation of business plans, since at the moment the criteria for monitoring the effectiveness of companies established through European funds are based on the creation of artificial and unjustified conditions in the case of some businesses. Maintaining some jobs for defined periods of time is not a key to verifying the sustainability of a start-up, because hiring staff is a process that is carried out according to the need at the time, it should not represent an obligation.

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