

Developing start-ups with academic support in Romania

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Abstract

The objective of the paper is to present how experts from Spiru Haret University have been involved in the development and implementation of a project aimed at the start-up development in the Central region of Romania. This project runs within one of the first European funded programs where universities are eligible.

The project ran through the first stage of entrepreneurship training by September 2018, where 371 members of the target group (of the 403 selected) completed an entrepreneurial training course, supported by academic staff. Subsequently, a business plan competition was organized in two sessions (in November and December 2018), following which 38 business plans were selected, the ones selected attended training in the same industry they intend to develop their business.

By July 2020, the 38 selected entrepreneurs will benefit from counseling and mentoring services, along with the monitoring of the business plan.

Keywords: *entrepreneurship; training; start-up.*

1. Introduction

As shown in a literature review on entrepreneurship education and entrepreneurs' skills (Almahry, Sarea & Hamdan, 2018), the development of start-ups has many beneficial effects. Fritsch (2013) describes how start-up development accelerates structural change, Stam (2008) reports on innovation and growth, and Boschma (2008) on regional development. Cumming, Johan & Zhang (2014) stated that 1% increase in new business start-up leads to a 24% improvement in the GDP in the subsequent year, also reduce unemployment by 13% and increase export by 3%. Also, Schmiemann (2008) on a study regarding European Union, shows that the percentage of entrepreneurial enterprises in total of all enterprises are higher than 95% in most of the developed countries, while 60% of all available workforce are employed in those firms.

Supporting the development of small and medium-sized enterprises (SMEs) is a priority at both European Union and national level in Romania because this extremely large category of economic agents, more dynamic and flexible than large companies, is the backbone of any modern economy.

In Romania, 99% of companies are SMEs, which produce 60% of GDP and employ 60% of the workforce. The Romanian economic environment is characterized by pessimism regarding the development of the economic environment (only 13.78% of companies appreciate that the evolution of the Romanian business environment will be favorable to SMEs), difficulties in overcoming bureaucratic problems (61.41% of SMEs consider bureaucracy to be the main problem in business development) and lack of interest in accessing European funded programs (81.66% of entrepreneurs intend not to access structural funds in the next period) - (Government of Romania, 2017, 1).

In this respect, the programs that stimulate entrepreneurship, especially among vulnerable social categories, such as young people, as well as those who have lost their jobs in the European Economic Area and have returned to the country, are of public interest, helping to solve acute social problems.

At the level of the "Centre" region of Romania (comprising the counties: Alba, Braşov, Covasna, Harghita, Mureş and Sibiu) the unemployment rate (*in ce an?*) was of 6.4% (5.6% at national level) 5.6%), above the national rate, with significant intra-regional disparities: the highest value is registered in Alba County (8.7%), and the lowest in the Sibiu and Brasov counties (4.8% respectively 5.1%) - (Agency for Regional Development Center, 2014, 59). According to the same document, the volume of foreign investments in the Central Region has significantly decreased since 2009 and the economic sector represented by small and medium enterprises suffered a sensitive contraction after 2008.

2. Romania Start-Up Plus Program. Involvement of universities

In 2016, the call for "Romania Start-Up Plus" projects was launched within the Human Capital Program. This call for projects aimed at encouraging entrepreneurship and self-employment by supporting the establishment of non-agricultural enterprises in the urban area.

This is one of the first programs of this type in which universities can get involved; in previous years, start-up funding was allocated to other types of legal entities (consultancy firms, professional associations, NGOs, etc.). There are many articles describing the role of universities in promoting entrepreneurship both at national level (Popescu, 2008) or other European countries, such as Spain (Fernandez-Nogueira et.al., 2018).

This program aimed at financing projects that meet a three-step succession in implementation:

- 1) Entrepreneurship training in which actions are carried out that ultimately lead to the improvement of the entrepreneurial skills of individuals (eg unemployed, inactive people – including students, people who have a job and set up a business to create new jobs) intending to set up a non-agricultural business in the urban area. At this stage, public information, selection of the target group and the implementation of the entrepreneurial training program (authorized by the National Authority for Qualifications) are carried out. At the end of the training phase are selected the business plans to be funded under the project, and the selected ones will be required to attend practical training sessions.

At the end of this phase (with a maximum duration of 12 months), each project funded under the Romania Start-Up Plus program was to improve entrepreneurial skills for at least 300 people, of which to select at least 30 business plans, for a grant of up to 40,000 euros.

- 2) Implementing the business plans (to be funded from the European Social Fund), a stage that lasts for at least 18 months, which includes at least:
 - The provision by the entrepreneur scheme manager of personalized counseling / mentoring services following the completion of the business plan selection process;
 - Ensuring the establishing and start-up of businesses that will carry out business plans within the project;
 - Support of the implementation of selected business plans within the project.
- 3) A program of monitoring the functioning and development of funded businesses (maximum 6 months). At this stage, the entrepreneur scheme manager conducts actions aiming at monitoring the activity of the established enterprises, including

the exploitation and sustainability of the assumed business idea for the development (and not just the survival in the market), as well as achieving all the results assumed by the project, with particular attention being paid to maintaining the jobs created in the second phase and to the functionality of the businesses created.

The Ministry of European Funds published in January 2018 the final list of funded projects. Out of the 195 projects funded, 20 have as main applicants universities in Romania; the list published does not contain data about partner organizations, including universities. It is a remarkable result, since it is one of the first calls of projects in Romania on the development of start-ups where universities have been able to apply.

3. The "PROFIT" project - the training phase

The PROFIT project (Romanian abbreviation of the title: " PROMotors of your Firm - for the Centre region) has as a general objective the development of entrepreneurial skills and the creation of new business in the Centre region, through the provision of professional training programs and integrated activities. It is implemented in partnership by the Sustainable Development Agency of Brasov County and Spiru Haret University (which is the main private university in Romania).

The project aims to contribute to the promotion of entrepreneurial culture and optimization of the skills of the target group members to realistically identify and apply business ideas in order to generate long-term positive effects.

The implementation period of the PROFIT project is January 15, 2018 - December 31, 2020, the project being currently in the second stage of implementation (see below) the implementation of the business plans. As far as the first step described in the previous paragraph is concerned with entrepreneurship training, it ended in January 2019, with the following key results:

- 5240 people participated in information activities (in person and on-line), organized in the six counties in the Centre region, Romania.
- 403 people (237 women and 166 man) were part of the target group of the project, having the following socio-demographic characteristics:
- The business plan competition was held in two sessions: In November 2018, 51 business plans were filed, of which 32 were selected for funding, and in December 2018 24 business plans were submitted, out of which were selected 6.
- In January 2019, 38 entrepreneurs to be have completed a stage of practice, thus completing the training phase. The internship was conducted in the same industry where they want to develop their business.

Table 1. Target group by age groups

age groups	persons
below 25 years	50
between 25 and 54 old	337
over 54 years old	16

Table 2. Target group by socio-professional status

socio-professional status	persons
employess	242
students	116
inactive (other categories, except for students)	42
registered unemployed	3



Figure 1. PROFIT logo

4. Implementation and monitoring of business plans (2018-2020) with academic support

Spiru Haret University experts will also be involved in the next two stages of the PROFIT project, the implementation of business plans and the monitoring of the functioning and development of funded businesses (see paragraph 2 above)

The academic staff will be involved at this stage in the following activities:

- a) Provide counseling / mentoring / mentoring services to selected individuals for the implementation of business plans, thus completing their theoretical knowledge and skills acquired during the training and internships. The counseling / mentoring / mentoring activity will be a continuous process over the 6 consecutive months. It

will consist in identifying and communicating solutions to prepare the implementation of business plans according to the chosen fields of activity. At the core of this activity approaches of the profile of the entrepreneur will be found (Iida, Villardón & Elexpuru Albizuri (2012)), of their behavior (Barba-Sánchez & Atienza-Sahuquillo, 2012), of their attitudes (Potishuk & Kratzer, 2017) and their motivations (Barba-Sánchez & Atienza-Sahuquillo, 2017).

The activity involves focusing on the management and marketing techniques necessary for the development of the business financed by the project: substantiating the company's management (forecasting, organization, coordination-training, decision, control), optimizing resources, defining marketing strategies, exploiting the opportunities identified on the market, ; direct orientation of services / products to market needs and needs, etc.

Within this sub-activity, each program winner / counseling / mentoring / mentoring (face-to-face and group) meetings will be agreed for each winner of the business plan competition and will communicate continuously on the communication platform. The expert / grant relationship will be a dual one: consultancy on the issues of new business development and mentoring (one-to-one and group-type) mentoring.

- b) Monitoring by the administrator of the entrepreneurship scheme for the operation and development of business. It consists in tracking the way the business plan is implemented, taking into account the information received in the counseling / mentoring / mentoring activities. Monitoring will focus primarily on resources, activities and results, according to the business plan indicators, with the role of proposing solutions to correct any errors during the implementation of the business plan. Thus, monthly monitoring reports will be made of newly established firms.

After the grant is awarded, it will be tracked how the grant is spent, in line with the selected business plan. Business operations will be monitored over a period of 12 months, both by checking financial and accounting records and by visiting companies.

There will also be two cross-cutting activities started in the first phase, which are designed to ensure adequate communication and potentiation of project outcomes:

- Awareness raising campaign for social accountability and active inclusion promotion, including; Documentation to raise awareness and raise awareness in the field of social accountability and active inclusion promotion; developing specific awareness materials and media awareness (printed materials, audio-video clips) and the Internet (communication platform); organizing and

conducting specific events. In the Center region, 25 sessions, classic / online on the communication platform will be made.

- Entrepreneurship analysis study, good practices and support measures. An analysis study will be carried out on the situation in the business environment at regional level through the specific research, study and analysis. Identify, develop and exchange good practices in entrepreneurship at local or regional level. There will also be 25 workshops / seminars on good practice in entrepreneurship across the region. During identification, good practice will be available on the online communications platform and / or database, the action being complementary to the activities of the first two phases. In developing the study, we will take into account recent approaches to this theme, such as Mironova, Dimitrov & Tsenkov, (2019), Garaika & Selatan (2019) and so on.

5. Conclusions and further research

Starting from the fact that “Romania Start-Up Plus” program is one of the first Romanian funding programs where universities play an active role, it is expected that the research undertaken within the PROFIT project and other projects involving 20 universities (see section 2) to make a significant contribution to the knowledge of the current characteristics of Romanian entrepreneurs and the way in which start-ups will be developed over the next two years.

Beginning with involvement in the PROFIT project, Spiru Haret University will assert its role as an entrepreneurial university in the Centre region and will actively contribute to regional development. It is anticipated that this involvement will bring about changes in the faculty curriculum in Brasov, by including disciplines to promote entrepreneurship and start-up development in non-economic study programs (eg Psychology).

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