DOI 10.2478/sbe-2021-0059

SBE no. 16(3) 2021

CHALLENGES FOR ROMANIAN SMEs: A STUDY OF THE ROMANIAN CENTRAL REGION SMEs

TODERICIU Ramona

Lucian Blaga University of Sibiu, Romania

Abstract:

The 21st century is certainly the century of SMEs which represent, according to the Annual Report on SMEs for the years 2019-2020 prepared by the European Commission, over 99% of non-financial businesses at EU level, and which provide 66% of total jobs and 57% of value added in the EU non-financial businesses sector. SMEs are considered to be "vectors of innovation that contribute significantly to increasing long-term labor productivity and sustainable economic development." (CCE, Raport special, 2020). The need for permanent support for the development of the sector is recognized at EU level, especially for newly registered micro-enterprises, the support being decisive for the socio-economic changes that take place in society. The reality has unequivocally demonstrated the interdependent relationship between the activity of SMEs, economic development, and the creation of new jobs. In our country, the size of the sector and its importance are indisputable. Thus: Romania (Vasilu, 2021) has around 500.000 SMEs, which account to 99% of the total companies in the economy – nonfinancial sectors. The general objective of the research that we present in this paper is to offer an overview of the current state of the regional economic environment of The Central Region (Central Region), the tendencies and external factors that act upon it, providing at the same time an analysis of the impact of de minimis funds on the companies financed through the Start-Up Hub: the Entrepreneurs' Laboratory, following the interpretation of data collected through questionnaires for identifying the requirements and challenges that the entrepreneurs encountered. A specific objective of this research is to identify the solutions suggested by the entrepreneurs involved in the program Start-Up Hub: the Entrepreneurs' Laboratory for overcoming the difficult challenges for the start-ups registered in the past two to three years which could apply to the entire SME sector.

Key words: start-ups, pandemics, economic crisis, entrepreneurship

1. Introduction

The SME sector is one of the most important economic sectors in the EU, both in terms of the share it represents - about 99% of companies in the non-financial sector being SMEs, but also by the fact that they employ over 66% of the active population of the EU.

Peter Drucker stated that SMEs represent „the main catalyst of economic development” (Man & Macris, 2014) because they are the driver of economic development, having a major contribution to the economic objectives of all countries. Specialists in the field claim that “SMEs represent a source of entrepreneurial skills, innovation and job creation” (Ghid

ANIMMC· 2006) which dictates the major interest for developing and consolidating this sector. Their small size makes them much more adaptable, more dynamic, having the ability to respond flexibly to market requirements and to easily accommodate to changes in the global economy.

2. Theoretical Framework

SMEs are defined by the Romanian legislation (Legea nr. 346/2004) as enterprises that cumulatively meet the following criteria: have the average annual number of employees under 250 and achieve an annual turnover of up to 8 million euros or have annual total assets that do not exceed the equivalent in lei of 5 million euros. The threshold between large enterprises and SMEs is represented by the number of employees: maximum 249. In detail, according to the aforementioned law, micro-enterprises, small enterprises and medium-sized enterprises are classified, according to the average annual number of employees, in the following categories: micro-enterprises (0-9 employees); small enterprises (10-49 employees) and medium enterprises (50-249 employees). Comparing the definition of SMEs in our country to the one in the EU, we notice some differences both in terms of the number of employees but also in terms of turnover and gross profit, the Romanian legislation being more restrictive.

Starting from the realization of the importance of developing and consolidating the SME sector in the EU countries, the EU adopted the Small Business Act in 2008, an initiative that represents the European Union's strategic agenda and aims to create a favorable, SME-friendly development environment that supports the consolidation of entrepreneurial energies at European level. According to the Small Business Act *"Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy. They represent 99% of all businesses in the EU. They employ around 100 million people, account for more than half of Europe's GDP and play a key role in adding value in every sector of the economy. SMEs bring innovative solutions to challenges like climate change, resource efficiency and social cohesion and help spread this innovation throughout Europe's regions. They are therefore central to the EU's twin transitions to a sustainable and digital economy. They are essential to Europe's competitiveness and prosperity, industrial ecosystems, economic and technological sovereignty, and resilience to external shocks."* (European Commission, Entrepreneurship and SMEs, 2020)

This initiative launched at EU level was continued, as a reflection of the importance given to the SME sector, by the Europe 2020 Strategy which aimed at a wide and fair opening of the single market for small entrepreneurs, *"strengthening an innovation-friendly single market with a more favorable business environment, especially for SMEs, growing businesses and services; supporting those engaged in sustainable business practices, but also those using digital technologies, reducing the regulatory burden and facilitating market access, as well as improving access to financing"* (European Commission, O strategie pentru IMM-uri pentru o Europă sustenabilă și digitală, 2020)

The EU 2020 strategy targets all categories of SMEs and states that it is necessary that all actions carried out at European level be supported by existing policies and programs and by the efforts of each state. We mentioned all these major EU initiatives

precisely to highlight the particular importance of small and medium-sized enterprises and micro-enterprises, which are considered „a vector of innovation, green transition, digitalization, employment, sustainable and inclusive growth and social cohesion in our societies”. (European Commission, O strategie pentru IMM-uri pentru o Europă sustenabilă și digitală, 2020)

The importance of the SME sector is overwhelming in Romania, given both the share of 99% it represents in the total number of active non-financial companies and the fact that 67% of the population is employed in this sector. However, the contribution to the GDP is much lower than the European average, Romanian SMEs being characterized by large differences in competitiveness compared to the ones in the EU, mainly due to lack of innovation, lack of highly qualified or specialized workforce in the fields, lack of key competence (IT, high tech). Also, the sector did not have the necessary time to mature, it is not competitive, and it is distinguished by a lower labor productivity and a lower density per thousand inhabitants, well below the European average. The entrepreneurial environment in 2020 registered a decrease in comparison to 2019 and 2018, not only in terms of setting up new companies but also in terms of suspension of activity, deregistration, or dissolution. Regarding micro-enterprises, companies with a maximum number of 9 employees, those that represent 92% of the total companies in Romania, **statistical data** (Vasiliu, 2021) shows that the total turnover of Romanian micro-enterprises in 2019 represents 12% of the total turnover of Romanian companies. Individually, micro-enterprises seem fragile and lacking financial strength, but their share in the economy is not negligible, hence our increased interest in this category of business.

3. The evolution of the sector in the period 2018-2020; problems faced by the sector

A coherent analysis of the exogenous environment in which the SMEs from the Central Region have evolved requires understanding of the entire Romanian economic environment, which led us to summarize in this part of the paper the most important aspects specific to the financial environment from the point of view of the Romanian entrepreneur.

In order to have a comprehensive image we will use the information contained in The White Charter of SMEs in Romania (Carta Alba a IMM, 2018, 2019, 2020) editions 2018, 2019 and 2020, an yearly report that presents a complete and real examination of the SME sector in Romania, constituting an important document for both specialists and entrepreneurs to understand the aspects that influence the evolution of the sector. The period we will analyze in the research is between 2018 and 2020 and is characterized by a different evolution, as follows: 2018-2019 was a favorable period for the development of the sector, characterized by stability and economic growth, an intense concern of the government to support the development of the sector. The year 2020, however, is marked by the onset of the pandemic, a fact that greatly affected the economic activity of the sector. We will use in our analysis information from the The White Charter of SMEs (Carta Alba a IMM, 2018, 2019, 2020), which is, as previously mentioned, an annual research report provided by the National Council of Small and Medium Private Enterprises in

Romania (the national representative employers' confederation for SMEs). It includes the latest, most comprehensive, extensive and in-depth analyses and projections related to the SME sector, which has a decisive contribution to the generation of jobs and GDP in Romania.

a. The first aspect that we wanted to examine refers to ***the parameters in which the companies operated in the period 2018 to 2020***

Therefore, analyzing the answers of entrepreneurs to this question we see a significant reduction in the number of SMEs that had an upward trend in 2020 compared to 2018-2019: from 26.01% in 2018-2019 to 13.33% in 2020, but also those that operated in 2020 at the same parameters as in 2018-2019 from 53.37% in 2018-2019 to 38.27% in 2020. The cause is certainly the degradation of the business environment, degradation generated by the onset of the covid pandemic. We also notice the doubling of the number of SMEs that had in 2020 a downward evolution: 48.4% compared to the period 2018-2019 in which they were 20.62%. SMEs are certainly more sensitive to "social distancing" than large enterprises. Quarantine and economic blockade have contributed to a significant reduction in the activity of these companies leading to a decrease in revenues generated by these companies. The year 2020 represented a year of challenges and experiments for all small enterprises in our country, since many SMEs found themselves on the verge of survival, as results from a study done by the Department of economic, legal and sociological studies of the **Romanian Academy**. (Popa, 2020)

b. Another important aspect that we set out to analyze refers to the ***evolution of entrepreneurs' perception of the economic environment in our country***. Analyzing the information presented in the White Charter of SMEs, we see how the number of entrepreneurs who consider the Romanian economic environment as favorable to economic activity for SMEs has decreased: from 30.87% in 2018 to 11.11% in 2020. At the same time, the number of those who appreciate the economic environment as uncomfortable decreased from 28.88% in 2018 to 22.78% in 2020, while the number of those who have a neutral attitude remained almost constant. As a reflection of this general perception, we notice in the study done by the Department of economic, legal and sociological sciences of the **Romanian Academy** (Popa, 2020) that the impact of COVID-19 was particularly strong in this sector, causing a considerable reduction of the number of new companies. The decrease of business initiatives is obvious if we make a comparison with the situation of monthly registrations in 2019: the monthly average of registrations in 2020 was lower by 35%. In March 2020 alone, the decrease of registrations was 53.9%, as the document shows. (Popa, 2020)

c. The research was conducted and proposed to ***identify the business opportunities for newly established SMEs in the period 2018-2020, according to entrepreneurs***. It is worth emphasizing that, from the perspective of the entrepreneurs participating in the research conducted and presented in the **White Charter of SMEs in Romania (Carta Alba a IMM, 2018, 2019, 2020) editions 2018, 2019 and 2020** the opportunities identified are similar, to our surprise. They are the following:

- **the increase of demand in the domestic market** is in 2018 on the first place with a weight of 67.80% and reaches in 2020 the same first place, but with a weight of 70.10%;
- **penetration of new markets** is considered in 2018 an opportunity by 54.38% of respondents while in 2020 only 44.31% consider it an opportunity;
- **assimilation of new products** is considered in 2018 an opportunity by 44.90% of respondents while in 2020, 48.18% consider it an opportunity;
- **the use of new technologies** is considered in 2018 an opportunity by 43.47% while in 2020 it is on the second place in the top 5 opportunities, 55.08% of entrepreneurs considering it an opportunity;
- **obtaining a financing grant** is considered in 2018 an opportunity by 41.68% of respondents, while in 2020 46.49% consider it an opportunity, which can only make us happy, which is an indication that Romanian entrepreneurs have understood how these grants can help the development of their companies.

d. An important objective of our research was to discover ***the opinion of the Romanian entrepreneurs that took part in the research (Carta Alba a IMM, 2018, 2019, 2020) regarding the major difficulties that they were faced with in the period 2018-2020.*** An analysis of the answers shows that, in all the three years we refer to, the first places are the same in the opinion of entrepreneurs participating in the research and in the White Charter of SMEs - with similar weights: hiring, training and maintaining staff, bureaucracy and declining domestic demand. In 2020, however, the uncertainty regarding the future evolutions was mentioned by 55.69% of the entrepreneurs and the temporary suspension of the activity generated by the COVID pandemic mentioned by 49% of the entrepreneurs appear on the first positions. Other major difficulties in 2020, mentioned for the first time by entrepreneurs are the coronavirus pandemic, the world economic situation and the low predictability of the environment for SMEs. Certainly, the pandemic has created additional obstacles in the activity of SMEs, faced already with a series of major problems that have affected their performance and productivity and even put them in big trouble in terms of survival in a market with unpredictable evolution. In addition, the crisis strengthened any pre-existing weakness among firms, thus affecting their ability to cope. Statistical data from the **National Trade Register Office** (Vasiliu, 2021) shows that the number of newly created enterprises (an indicator that shows the appetite for business in the economy) has decreased by 18,09% in 2020 as compared to 2019. The decline continued in 2020 when a total number of 109,939 companies were registered as compared to 134,220 in the previous year, 2019. The effects of the pandemic are, therefore, visible.

4. Study of the Romanian Central Region SMEs

The study we present in this chapter provides an overview of the specific problems and needs of the entrepreneurs financed by the program România Start-up Plus, in the project Start-UP Hub: Entrepreneurs' Laboratory Cod SMIS: 105648. The „Lucian Blaga” University of Sibiu, as beneficiary in this project, has performed a survey that outlines the actions required to create a favorable context to developing the entrepreneurial environment in the Central Region. The first part of this study has been approached in the

paper " THE **IMPACT OF INTELLECTUAL CAPITAL ON THE SMEs PERFORMANCE - A Study of the Romanian Central Region SMEs**" (Todericiu , 2021). In this paper, we will continue to present and analyze the last part of the interesting study.

The 74 entrepreneurs who received de minimis aid in the Start-UP Hub project were asked to complete an online questionnaire (unfortunately the size of the questionnaire prevented us from presenting it), between November and December 2020, to assess the impact which this project had on their business and on their individual development.

The objectives of this questionnaire are the following:

- *analyzing the entrepreneurial ecosystem generated within the project and measuring entrepreneurial success;*
- *identifying the constraints and patterns that marked the evolution of companies during the periods of implementation and sustainability;*
- *identifying recommendations regarding improving the policies / government instruments that support newly registered start-ups during the SARS COV2 pandemics.*

Because in the above-mentioned paper we presented in detail all the information related to the methodology, the target group, the way the data were collected and the research limits, in this paper we will go directly to the presentation of questions that are the subject of our material.

New and young companies, such as the ones we analyzed in this study, are vectors of innovation, *"they also contribute significantly to long-term productivity and economic growth."*(OECD, Business-dynamism-during-the-COVID-19-pandemic, 2021) These small businesses characterized by dynamism, flexibility and market orientation are essential for sustained economic growth, for the development of the knowledge-based economy, for the creation of new jobs, for the development of innovation and creativity.

a. Aware of the importance of start-ups for the Romanian economy, this study had as objective to ***identify the main threats mentioned by the participating entrepreneurs.*** If we analyze the answers offered by the respondents participating in the research, we notice that: 62.3% state that the biggest threat to their business in the analyzed period 2018-2020 is the decrease of customers' purchasing power, 56.75% state that the change in consumer behavior due to pandemic, 56.17% believe that the onset of the coronavirus pandemic, 53.50% argue that the increase and diversification of competition, 42.13% argue that the low predictability of the environment for SMEs. Other answers refer to: legislative changes and the weak response of the public administration, unstable market demand, paralysis or temporary blockage of the distribution chain, reduction of skilled labor, non-collection of invoices from third parties. It is clear that their responses are influenced by the current crisis, the obvious changes that the pandemic has generated in the activity of SMEs. It is certain that an important lesson that Romanian entrepreneurs should learn is that, "even if you were not prepared for COVID-19 does not mean that you should not develop your resilience over time to overcome the crisis, and as a buffer against the next. Resilience is as much an instrument of survival during crises (or "changes") as it is an instrument of prosperity." (Isenberg, Onyemah, Eisenman, Mulcahy, 2020)

b. In the research carried out at the level of the Central Region we wanted to know ***the perception of the entrepreneurs regarding the benefits they had after receiving the de minimis aid.***

Although it is not among the major difficulties faced by companies in the analyzed period, access to finance is still a major problem of the Romanian economy, especially in terms of small and medium enterprises.

- Analyzing the answers offered by the entrepreneurs participating in the research, we notice that: 78.6% female entrepreneurs and 68.8% male entrepreneurs (average: 73.7%) consider that they were able to set up the business they wanted, only with the help of de minimis. Summarizing the three age categories, it shows an average percentage of 75.23% of entrepreneurs who consider, to a large and very large extent, that they have achieved this goal, while 10.7% have a neutral position.
- Women entrepreneurs (76.2%) are more excited about the idea of working for their own business and being their own boss, if we compare to the score of 56.3% obtained among male entrepreneurs. This gain is most strongly appreciated by entrepreneurs who had an initial experience between 1 and 3 years (78.9%) and by those aged between 30 and 45 years (74.5%).
- On average, 52.4% of the total respondents appreciate as an achievement the fact that at this moment they benefit from a stable job, while 18.15% are undecided regarding this aspect. The highest level of satisfaction is found in the category of entrepreneurs who had a previous practical experience of more than 3 years, in the business field before setting up the startup (57.1%).
- 73.8% women entrepreneurs and 65.6% men entrepreneurs (average: 69.65%) consider as favorable and extremely favorable that in the business they had the opportunity to accumulate assets / fixed assets generating income in the short and medium term. Entrepreneurs aged between 46 and 65 consider the accumulation of assets / fixed assets to be extremely important following the financing of the business plan (86.7%).
- High scores, with positive values, are recorded in both categories of gender in terms of the accumulation of valuable entrepreneurial experience within the project, which will be used in the future. Thus, 92.9% female entrepreneurs and 81.3% male entrepreneurs appreciate this benefit to a large and very large extent.
- 81% female entrepreneurs and 75% male entrepreneurs consider to a large and very large extent that they have expanded their portfolio of professional and business contacts.

Regarding **the gain obtained from the financing of the business plan**, the listed benefits can be grouped into 3 categories: professional development, personal development and business growth prospects, and the impact of these benefits shows that 84.6% of respondents consider them relevant and extremely relevant to the success of their business.

Access to finance is essential for the growth and innovation of small and medium-sized enterprises (SMEs). During the analyzed period, even if it was not in the top

of the problems for the entrepreneurs participating in the research for most SMEs, the access to financing is a serious cause of concern. This financing problem is mainly affecting very small enterprises (10% of micro-enterprises) and start-ups with strong growth (13% of so-called "gas").

Increasing access to finance for small and medium-sized enterprises (SMEs) is a priority of the European Union's economic and financial policies highlighted and mentioned separately in the Small Business Act. In our country also, the increase and diversification of financing capacity concerns the entire business environment but also the responsible institutions in public administration. The paper "Alternative financing of SMEs in Romania" underlines the fact that *"A special segment of SMEs, which deserves more attention, is represented by innovative start-ups and spin-offs, enterprises in the early stages of development. Due to the high risk associated with the financing of these types of entities, little bank financing is still available, which substantiates the need to identify alternative sources of financing to support their development."* (Dumitrescu & Soare, 2018) From our point of view, accessing European structural funds is a way to attract financial resources necessary to the sustainability of the small business sector. The benefits of using these resources by start-ups have been detailed in the responses of entrepreneurs. It is worth emphasizing another positive element, which is the fact that, according to "The White Charter of SMEs from 2020" (Carta Alba a IMM, 2020) , four in ten entrepreneurs intend to access European financing, an increase as compared to 2019, when three out of ten expressed this intention. However, the level is still low when considering the considerable amounts available and the needs of the sector.

If we analyze the intention to access structural funds, according to the information provided by the "White Paper on SMEs in 2018, 2019 and 2020" (**Carta Alba a IMM, 2018, 2019, 2020**) we see that the number of entrepreneurs wishing to access structural funds has evolved as follows: from 18.25% of entrepreneurs intend to access the structural funds in 2018 to 27.36% of entrepreneurs in 2019 and to 38.15% of entrepreneurs in 2020. c. Aware of **the effect that the onset of the pandemic had on the entire economic environment**, we wanted to find out the opinion of entrepreneurs regarding this subject. Thus, over 60% of entrepreneurs stated that the pandemic generated by the SARS-COV-2 virus had a negative or even devastating effect on their business, 25.70% have a neutral attitude, 8.10% appreciate that the pandemic had a beneficial effect while 5.40% consider that the pandemic had a very beneficial effect on the activity they carry out.

Regarding the answers of entrepreneurs offered during the research presented in the White Paper on SMEs, the 2020 edition shows that 98.23% of entrepreneurs in our country say that their activity has been affected by the current crisis and that during 2020 they encountered several difficulties. We notice that in the case of the entrepreneurs participating in our research, the percentage is considerably lower. It is certain that the effects of the pandemic on the SME sector from one region of the country to another, from one area to another, some sectors and economic regions have been disproportionately exposed to the blocking measures taken to counter the pandemic. Therefore, SMEs in the sectors most affected by the blocking measures (eg food and accommodation, transport and other services) have been disproportionately affected, with higher closure rates and a higher proportion of companies with reductions of sales.

d. Through the research we aimed to identify **the prospects in terms of business potential and the evolution of demand** for the company's products / services when considering a scenario of cessation of the SARS-COV-2 pandemic.

Analyzing the answers of entrepreneurs to this question we see the optimism of most of them: 87.8% are very optimistic when estimating the potential of their business in a stable post-pandemic economic environment appreciating that demand will recover quickly in the end of the pandemic - while 12.2% among the respondents consider that demand will recover over time or will recover very slowly. The impact that the pandemic has had on the development of the SME sector is a topic of maximum interest that has concerned us and will certainly concern us for a long time to come. This sector's response to these challenges has varied from company to company. We cannot fail to note that many SMEs have "focused on meeting the new needs for goods or services resulting from the crisis and that we are witnessing a change in customer priorities, with the closing period changing production and demand." (Lien De Cuyper & Kucukkeles & Reuben, 2020) Nevertheless, many of the SMEs still face serious problems that endanger their development and even their survival.

e. In the same note with the optimistic assessments regarding the **evolution of demand and the potential of the business** in a stable economic environment, post-pandemic Covid-19, the entrepreneurs estimate that in the future they will diversify the economic activities of the company. Thus, following the analysis of the answers of the entrepreneurs, we find that 28.40% appreciate that they will develop their business, 52.70% appreciate that they will "probably" develop their business, 10.80% do not know if they will develop their business, 6.80% "probably" they will not develop the business and 1.40% say they will not expand their business. In the current situation, small businesses operating in almost all economic sectors face significant losses, which threaten their operations and solvency, while hundreds of thousands of workers are vulnerable to loss of income and layoffs. Experts say that the impact on income-generating activities is particularly harsh for start-ups.

f. Against the background of the pandemic generated by the SARS-COV-2 virus, some companies were severely affected, and **their perception of the support measures offered by the authorities** is further analyzed. Thus the answer to the question: "To what extent do you consider adequate / relevant the support tools offered by the authorities for new businesses, respectively those in your category destined to overcome the crisis generated by the SARS-COV-2 pandemic?" was: 49% of entrepreneurs are dissatisfied with the way the authorities reacted to meet their expectations, 18.80% consider them relevant and 9.50% consider them to be very relevant.

On July 1, 2020, the Romanian Government announced the economic recovery plan, built around the amounts allocated to Romania by the European Commission in the form of assistance for the recovery of companies and for overcoming the crisis. The plan shows the Government's vision of how the effects of the COVID-19 pandemic can be overcome by supporting the hardest hit sectors. However, the allocated European budget will only be accessible to the companies concerned on the basis of concrete projects and long-term business plans. Despite the measures taken and implemented, the crisis has raised major challenges for start-ups that were created just before the crisis. Multiple

surveys confirm that 18.80% consider them relevant and that these young companies have been severely affected. Let's not forget that "The number and potential of SMEs depend on the institutional environment in which they operate, because the business environment determines the performance and development of companies," says university professor Dr. Ovidiu Nicolescu, honorary president of CNIPMMR, so let's try to build an environment favorable to the development of the small and medium business sector.

g. Proposals and recommendations for aid (COVID-type recovery) through government instruments to support young companies, a category that also includes start-ups

Regarding aid proposals and recommendations (COVID-type recovery), through government instruments, to support young companies, 28 opinions were formulated, which indicates a response rate of 38% of the total entrepreneurs participating in this research.

The opinions expressed by the respondents, in the form of recommendations / proposals, quite obviously reflect the context in which the entrepreneurial environment finds itself. Lack of working capital, the difficulty of supporting jobs and the payment of taxes and fees, the difficulty of accessing financing from banks, the need for non-reimbursable financing programs, the need to revitalize and revitalize various economic sectors, are concerns of (also) the entrepreneurs participating in this research, given the views expressed. They do not distance themselves, through the proposals made, from the general needs expressed by the representatives of the Romanian business environment.

There are companies with low maturity, which have not managed, in the short time available, less than 2 years of operation, to accumulate enough capital to be able, alone, to overcome this economic crisis. The vulnerability of their enterprises in the context of the pandemic is quite high. The risk of no longer being able to support jobs and operational enterprises has been addressed by formulating proposals for reductions or cancellations of taxes and duties, postponing / rescheduling debts to the central and local budgets, facilitating access to credit and aid schemes for start-ups, and granting non-reimbursable financing. Most of the recommendations made by the participants in this research are already found, in a narrower or broader form, in the measures initiated by state institutions. This research is not intended to measure the impact of government support mechanisms initiated so far, nor will it determine whether the measures taken are sufficient or impactful. Given that a number of measures have already been taken or announced by state institutions, until the initiation of this research, to combat the effects of the Coronavirus crisis on the business environment, we can interpret the responses received as either the result of an insufficient level of information, or a dissatisfied reaction to the size of the measures taken, or difficulties in accessing existing ones.

5. Conclusions

The implementation of the knowledge-based economy in our country is conditioned by the development of the SME sector. The evolutions so far and the analyses of the specialists show that the prototype of the knowledge-based company is the small and medium enterprise which justifies the major interest of all national and EU institutions for the accelerating development in this sector.

The analysis of the results obtained following the project Start-UP Hub: Entrepreneurs' Laboratory Cod SIMS: 105648 The „Lucian Blaga” University of Sibiu, leads to the following conclusions:

- Businesses of all sizes, large and small, were severely affected by the outbreak of the pandemic but the impact was different from one region of the country to another, from one field of activity to the other, from one company to the other;
- The crisis has brought up major challenges for the start-ups that were created just before the crisis, the results of the study presented in this material confirm that these young companies have been severely affected;
- The response of companies to these challenges was different: some had a rapid reaction to the pandemic, thus demonstrating flexibility and great ability to adapt to changes in the exogenous environment - entrepreneurs capitalizing on opportunities in e-education and e-health or by developing innovations in medical goods and services; but others had a much-delayed reaction, failing to realize what was actually happening to them;
- Despite all these challenges, throughout the analyzed period and even more so in 2020, the larger share is held by entrepreneurs who are optimistic about the prospects in terms of business potential and the evolution of demand for the company's products / services;
- The benefits of the companies that accessed the de minimis aid are important and were highlighted by the entrepreneurs participating in this study. Some of them are the possibility to set up the company, the possibility to purchase new equipment and technologies, the development of new products and services, the development / improvement of the organization's management.

6. References

- Dumitrescu, D. I., Soare (Dumitrescu), D.V, (2018), *Finanțarea alternativă a IMM-urilor în România*, <https://www.revistadestatistica.ro/supliment/2018/02/finantarea-alternativa-a-imm-urilor-in-romania/>
- Isenberg, D., Onyemah, V., Eisenman, E., Mulcahy, K., (2020), *5 ways entrepreneurs and SMEs can build resilience in a coronavirus economy!* <https://www.weforum.org/agenda/2020/05/entrepreneurs-smes-resilience-coronavirus-economy>
- Ikmal Adian, Djeneba Doumbia, Neil Gregory, Alexandros Ragoussis, Aarti Reddy, Jonathan Timmis , (2020), *Small and Medium Enterprises in the Pandemic - Impact, Responses and the Role of Development Finance*, <https://openknowledge.worldbank.org/handle/10986/34552>
- Lien De Cuyper, Burcu Kucukkeles, Raphael Reuben, (2020), *Discovering the real impact of COVID-19 on entrepreneurship* , <https://www.weforum.org/agenda/2020/06/how-covid-19-will-change-entrepreneurial-business/>
- Pierre Olivier Gourinchasy, Sebnem Özcan, Veronika Penciakova, Nick Sander, (2020), *COVID-19 and SME Failures*, <https://www.nber.org/papers/w27877>
- Man,M., Macris,M., (2014) , *Analysis of the SMEs Development in Romania in the European Context Affected by the Global Economic Crisis* , *Procedia Economics and Finance* 15 (2014) 663 – 670

- Popa, D., (2020), *Impactul pandemiei asupra IMM-urilor românești. Ce măsuri au luat alte state UE care ar putea inspira și autoritățile române* dhttps://economie.hotnews.ro/stiri-finante_banci-24049654-impactul-pandemiei-asupra-imm-urilor-romanesti-masuri-luat-alte-state-care-putea-inspira-autoritatile-romane-planuri-afaceri-simplificate-proceduri-rapide-pentru-acordarea-garantiilor-stimularea-inova.htm
- Todericiu, R., (2021), The Impact of Intellectual Capital on the SMEs Performance: A Study of the Romanian Central Region SMEs, *Studies in Business and Economics*, Vol 6 (2021) Issue 1, <https://www.sciendo.com/article/10.2478/sbe-2021-0016>
- Vasiliu, A.E.,(2021), *Radiografia IMM-urilor din România: câte au apărut și câte au dispărut în anul pandemiei*, <https://www.zf.ro/supliment-zf-imm-2021/radiografia-imm-urilor-din-romania-cate-au-apatut-si-cate-au-20106569>
- Carta Alba a IMM urilor (2018), <http://cniipmmr.ro/category/carta-alba-a-imm-urilor-din-romania/>;
- Carta Alba a IMM-urilor, (2019), <https://www.ceccarbusinessmagazine.ro/carta-alba-a-imm-urilor-din-romania-editia-a-xvii-a-a5133/>,
- Carta Alba a IMM-urilor, (2020), <http://cniipmmr.ro/wp-content/uploads/2020/12/>
- OECD,(2021), *Business dynamism during the COVID- 19-pandemic*, Paris, https://read.oecd-ilibrary.org/view/?ref=1060_1060390-0mgjvd9j7t&title=Business-dynamism-during-the-COVID-19-pandemic_ https://ec.europa.eu/growth/smes_en
- European Commission, (2020), *Entrepreneurship and SMEs, Comunicare a Comisiei catre Parlamentul European, Consiliul, Comitetul Economic si Social European si Comitetul Regiunilor, O strategie pentru IMM-uri pentru o Europă sustenabilă și digitală* https://op.europa.eu/en/publication-detail/_/publication/90b593ed-6394-11ea-b735-01aa75ed71a1/language-ro
- Legea nr. 346/2004, http://www.imm.gov.ro/adaugare_fisiere_imm/2018/12/Lege-346-din-2004.pdf
- Ghid ANIMMC, http://old.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Studii/1_Studii_POR/8_Ce_este_un_imm_definitia_europeana.pdf
- Raportul special:, (2020), *Instrumentul pentru IMM-uri în acțiune: un program eficace și inovator, dar care se confruntă cu unele provocări* <https://op.europa.eu/webpub/eca/special-reports/smes-innovation-2-2020/ro/>