

**“43rd RSEP International Multidisciplinary Conference” 15-17 October 2025, New York
Seminar & Conference Center, New York, United States**

The impact of projects financed from the European Union structural funds on small and medium-sized enterprises in Romania

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DOI: <https://doi.org/10.19275/RSEPCONFERENCES367>

Abstract

The purpose of the research is to study the impact of the European Union Structural Funds on small and medium-sized enterprises in Romania. The data were collected through a questionnaire-based survey with the staff of small and medium-sized enterprises in Romania as respondents. The data analysis was carried out both at the national level and at the level of the eight development regions in Romania, but also taking into account the size, field of activity and legal form of the SMEs. The results obtained showed that the projects financed by the European Union Structural Funds constitute the source of financing for the investments and digitalization efforts of small and medium-sized enterprises in Romania. However, the projects financed by the European Union Structural Funds are complex and difficult to implement, Romanian entrepreneurs facing numerous obstacles in terms of their implementation. The most important obstacles in the implementation of projects financed by the European Union mentioned by the respondents of the questionnaire-based survey are excessive bureaucracy and instability of regulations/documentation. Despite all these obstacles, projects funded by the European Union play an important role in business development, with the number of entrepreneurs wishing to access Structural Funds increasing in recent years.

Keywords: project, European Union, impact, Romanian, SME's

Jel codes: IOO, M21

1. Introduction

Small and medium-sized enterprises (SMEs) are the backbone of the European economy, accounting for an overwhelming share of all active firms and generating the majority of jobs in the European Union (EU). Their contribution to economic growth, innovation and regional development gives them a key role in strengthening sustainable competitiveness and social cohesion in the European space. In the Romanian context, SMEs are of particular strategic importance, not only through their significant number, but also through their ability to stimulate local economies, generate employment and support the entrepreneurial spirit, especially in less developed regions. However, the Romanian business environment is marked by a series of persistent structural challenges, such as limited access to finance, low levels of innovation, insufficient technological endowment and unevenly developed managerial skills. These constraints reduce the growth potential of SMEs and limit their ability to adapt to the increasingly competitive demands of the European market.

In this context, the European Structural and Investment Funds (ESIF) are the main public policy instruments through which the European Union aims to reduce regional disparities and strengthen economic, social and



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territorial cohesion. For Romania, access to these funds has been an essential financial source for the modernisation and development of the SME sector, offering concrete investment and innovation opportunities. Through operational programmes — such as the Regional Operational Programme (ROP), the Competitiveness Operational Programme (COP) or the Human Capital Operational Programme (COPU) — Romanian enterprises have benefited from non-reimbursable financing aimed at increasing competitiveness, digitalisation, energy efficiency, human resources development and the internationalisation of economic activities. These programmes were designed to support the adaptation of SMEs to market requirements, to stimulate innovation and to facilitate their integration into European and global value chains.

However, the real impact of projects financed from the Structural Funds on the performance and competitiveness of SMEs in Romania remains a complex and controversial subject. On the one hand, numerous analyses and case studies highlight positive results, such as increased technological capacity, expansion into foreign markets and the creation of new jobs. On the other hand, the specialized literature and institutional evaluations report persistent difficulties in the process of absorbing funds, excessive bureaucracy, administrative delays and an uneven territorial distribution of financed projects. In addition, the success of project implementation depends largely on the quality of the institutions involved, the available administrative support and the degree of collaboration between the public and private sectors. For these reasons, the analysis of the impact of Structural Funds on SMEs requires a multidimensional approach, combining the quantitative assessment of economic indicators with a qualitative perspective on institutional and regional processes.

This paper aims to investigate the extent to which projects financed from European Union funds have contributed to the development, competitiveness and sustainability of small and medium-sized enterprises in Romania. The specific objectives aim to identify the main mechanisms through which European funding influences the performance of SMEs, to analyze the challenges encountered in the implementation of projects and to assess the long-term implications for regional development. Based on an integrated analysis of statistical data, institutional reports and case studies, the research provides a complex assessment of the efficiency of European interventions in support of the Romanian entrepreneurial environment. At the same time, the paper contributes to strengthening the theoretical framework regarding the role of the European Union's cohesion policy in promoting economic convergence and competitiveness in the Member States on the periphery of the Community space.

Ultimately, understanding the impact of structural funds on SMEs in Romania is not limited to a simple analysis of financial efficiency, but reflects, to a broader extent, the capacity of the European integration process to generate sustainable development and social cohesion. The case of Romania provides a relevant example of how external financial assistance, combined with a strategic vision and efficient administration, can accelerate the structural transformation of the economy. At the same time, it highlights the limits and risks that may arise in the absence of a solid institutional capacity and effective coordination between the actors involved. In this sense, the present research aims to provide an empirically and theoretically substantiated perspective on how projects financed by structural funds contribute to the dynamization of the SME sector and the consolidation of sustainable regional development in Romania.

2. Literature Review

The analysis of the impact of the European Union structural funds on small and medium-sized enterprises has been a central topic in the economic and public policy literature over the last two decades. Academic studies have approached this topic from multiple perspectives – economic, institutional, regional and sustainable development – highlighting the role of European funds in supporting competitiveness and economic cohesion in the Member States. In general, the consensus of the literature is that structural funds can generate significant positive effects on the performance of SMEs, but the magnitude of these effects depends crucially on the quality of governance, administrative capacity and the way in which policies are implemented at national and regional level (Rodríguez-Pose & Fratesi, 2004; Bachtler & McMaster, 2008).

Regional Fund (ERDF) and the European Social Fund (ESF) – aimed to reduce regional disparities and support the adaptation of enterprises to new economic challenges. Studies conducted in the Central and Eastern European (CEE) Member States show that European funds have contributed to the modernization of economic infrastructure and to the creation of a more favorable environment for private investment, but the direct impact on the competitiveness of SMEs varies significantly between regions (Kengyel, 2016; Crescenzi & Giua, 2018). This variation is explained by differences in administrative capacity, level of economic development and degree of absorption of European funds.

In the case of Romania, the literature has consistently highlighted the fact that structural funds represent an essential tool for supporting SMEs, but also a challenge in terms of effective implementation. Studies conducted by Romanian authors (Bostan et al., 2019) show that projects financed through operational programs have had a

positive impact on the development of business infrastructure, job creation and strengthening the technological capacity of firms. However, these positive effects have often been limited by administrative delays, excessive bureaucracy, lack of coordination between institutions and difficulties in accessing financing by micro-enterprises.

Several empirical studies have analyzed the relationship between structural funds and the economic performance of SMEs in Romania. Enterprises that benefited from European funding recorded, on average, a significant increase in turnover and productivity, compared to firms that did not access such resources. Other analyses (Onciu, 2012; Gherghina et al., 2020) have highlighted the role of European funds in stimulating innovation and digitalization of SMEs, especially in sectors with high added value. However, the literature emphasizes that the beneficial effects are not uniform – SMEs in more developed regions (such as Bucharest-Ilfov or West) tend to benefit more from European funding than those in less developed regions, such as North-East or South-West Oltenia.

An important direction in the specialized literature is the analysis of the relationship between structural funds, innovation and regional development. European research (Cappelen et al., 2003; Becker et al., 2010) has shown that investments supported by structural funds can have a positive long-term effect on innovation capacity and regional convergence. However, these effects depend largely on how the funds are used – if they are directed towards productive and innovative projects, they can stimulate regional competitiveness; on the other hand, if they are directed predominantly towards projects with low economic impact, the results tend to be ephemeral. In Romania, Rădulescu's (2021) analysis indicates that financing aimed at digitalization and vocational training generated more sustainable effects on SME performance than those intended for physical infrastructure.

The literature also highlights the role of institutions and the quality of governance in determining the efficiency of the use of European funds. According to Rodríguez-Pose (2013), structural funds cannot replace functional institutions, but can only support them in the context of sound governance. In the absence of an efficient and transparent public administration, the absorption capacity of funds decreases, and the effects on the competitiveness of SMEs become marginal. In this regard, several studies on Romania (Tiganasu et al., 2018) highlight that the success of projects directly depends on the quality of public management and the simplification of access procedures.

Another emerging trend in recent literature is the approach to structural funds from the perspective of sustainable development and green transition. The European Union, through the new multiannual financial frameworks, has increasingly directed resources towards supporting the green economy, digitalization and eco-innovation. In this context, SMEs are seen as key actors in the transition process towards a sustainable economy (European Commission, 2022). In Romania, recent studies (Țigănașu & Andrei, 2023) suggest that access to European funding for energy efficiency and green technologies has a positive effect on both the competitiveness of firms and their economic resilience.

In conclusion, the literature on the impact of structural funds on SMEs in Romania and the European Union highlights a complex relationship conditioned by multiple institutional and regional variables. Most authors agree that European funds can be an important driver of entrepreneurial development, innovation and economic convergence, but their effectiveness depends on administrative capacity, institutional quality and the strategic orientation of public policies. The literature review also indicates the need for further research on the long-term impact of European funding on the competitiveness of SMEs, as well as comparative analysis between Romanian regions to identify models of good practice and determinants of success.

3. Data & Methodology

The data analyzed in the research presented in this article were collected in a questionnaire-based survey conducted through the National Council of Small and Medium-sized Private Enterprises in Romania (CNIPMMR), the most representative organization for the Romanian entrepreneurial environment. The questionnaire-based survey had over a thousand respondents, constituting a representative sample both at the national level and from the perspective of the typology of SMEs according to age, development region and activity sector from which they come or the form of legal organization.

From the perspective of quantifying the contribution of the Structural Funds and the projects financed through them to small and medium-sized enterprises in Romania, the questionnaire included items regarding:

- The situation of SMEs regarding accessing European funds;
- The main benefits identified by SMEs in projects financed from European funds;
- The situation of SMEs regarding accessing European funds;

- The intention of entrepreneurs/managers to access structural funds depending on the size of SMEs;
- The main obstacles encountered by SMEs in accessing structural funds;
- The financing needs from European funds associated with SMEs for the next programming period (2025-2027).

To analyze the data collected through the questionnaire, descriptive statistics were used to reveal the contribution of projects financed from European non-reimbursable funds to the development of small and medium-sized enterprises in Romania, materializing the main benefits brought to them while also revealing the main obstacles that arise in the way of such projects.

4. Research results

European funds constituted fundamental mechanisms for stimulating the competitiveness of Romanian small and medium-sized enterprises during the analyzed period. On the one hand, they supplemented the national funds dedicated to SMEs and on the other hand, they stimulated their appetite for obtaining non-reimbursable financing.

According to the analysis of the responses of the respondents, it is observed that 17.56% of the companies declare that they have benefited from structural financing in 2024 and 82.44% did not benefit (Figure 1). The relatively low percentage of companies that declared accessing funds ($\approx 17.6\%$) suggests a modest penetration rate of financing programs among the SME population. This may reflect both supply constraints (mechanisms/programs are not sufficient or are not appropriate for a large volume of beneficiaries) and demand constraints (SMEs do not apply due to administrative barriers, lack of co-financing or restrictive eligibility criteria).

From a scientific point of view, such a level requires the examination of structural causes (e.g. sectoralization of absorption, regional disparities, risk profile of firms) and does not allow optimistic conclusions on the overall effect of programs without complementary policies (administrative simplification, support for co-financing, technical assistance). In terms of public policy, a clear objective would be to increase the access rate through measures targeted at non-targeted firms: information, "seed" grants for co-financing, or financial instruments that reduce the cost of capital (guarantees, preferential lines).

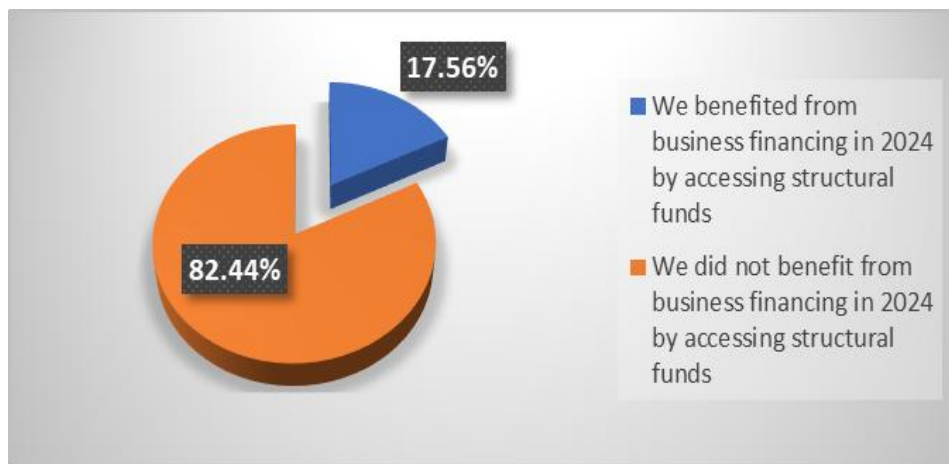


Figure 1. The situation of SMEs regarding accessing European funds

Source: Simion, 2025

The distribution of benefits – presented in Figure 2 – clearly shows a preponderant orientation towards capital and operational investments (equipment and technology purchases, rated at $\approx 87\%$), followed by commercial and product effects (quality, new products — $\approx 72\text{--}74\%$). In contrast, the effects on the dimension of human capital (training $\approx 21\%$) and, more strongly, on RDI ($\approx 10\%$) are much lower. This suggests that the accessed financing was mostly used for technical modernization and capacity expansion, with immediate effects on productivity, but less for strengthening the internal capacity for innovation and organizational development.

From the perspective of the specialized literature, the lasting effects (sustained productivity growth, innovation) require mixed investments — equipment + R&D + HR — and the observed imbalance raises the question of whether financing policies sufficiently stimulate non-capital components (training, management, research) or whether the criteria strictly favor tangible capital (equipment). Recommendation: complementary programs or clauses that allocate part of the funding or bonuses for training and RDI activities, to increase the sustainability of the effects.

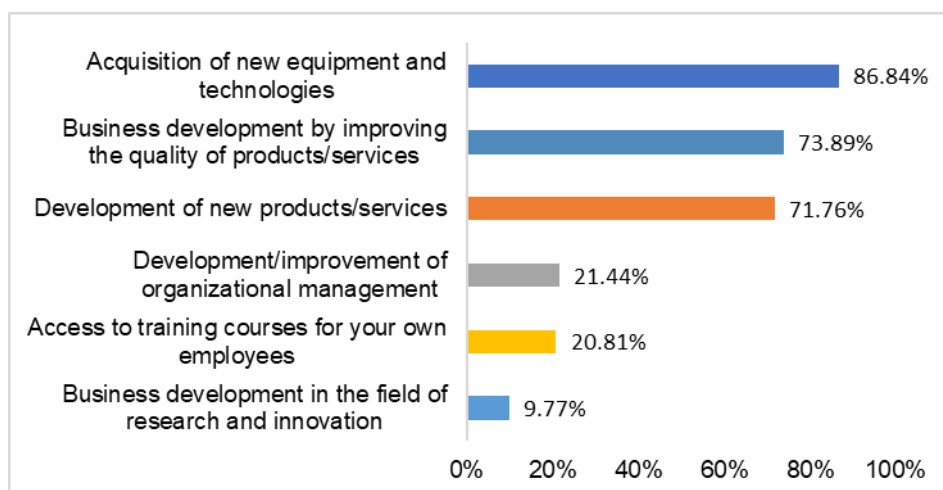


Figure 2. The benefits received by enterprises benefiting from projects financed from European funds

Source: Simion, 2025

From the visual analysis of the graph and the data incorporated in Figure 3, a common trend emerges: medium-sized enterprises typically report the highest percentages for equipment purchases and quality improvement (possibly due to access to greater administrative and financial resources), small enterprises have high levels for new product development (probably due to proactive-competitive orientation), and micro-enterprises would focus more on survival needs and small investments. The consequence for financing policy is that single measures, uniformly applied to all categories, will generate inequalities in efficiency: packages need to be calibrated — smaller grants, with intensive support for micro-enterprises (assistance, simplification), advantageous co-financing schemes for medium-sized enterprises for large-scale projects, and instruments for small firms targeting product innovation.

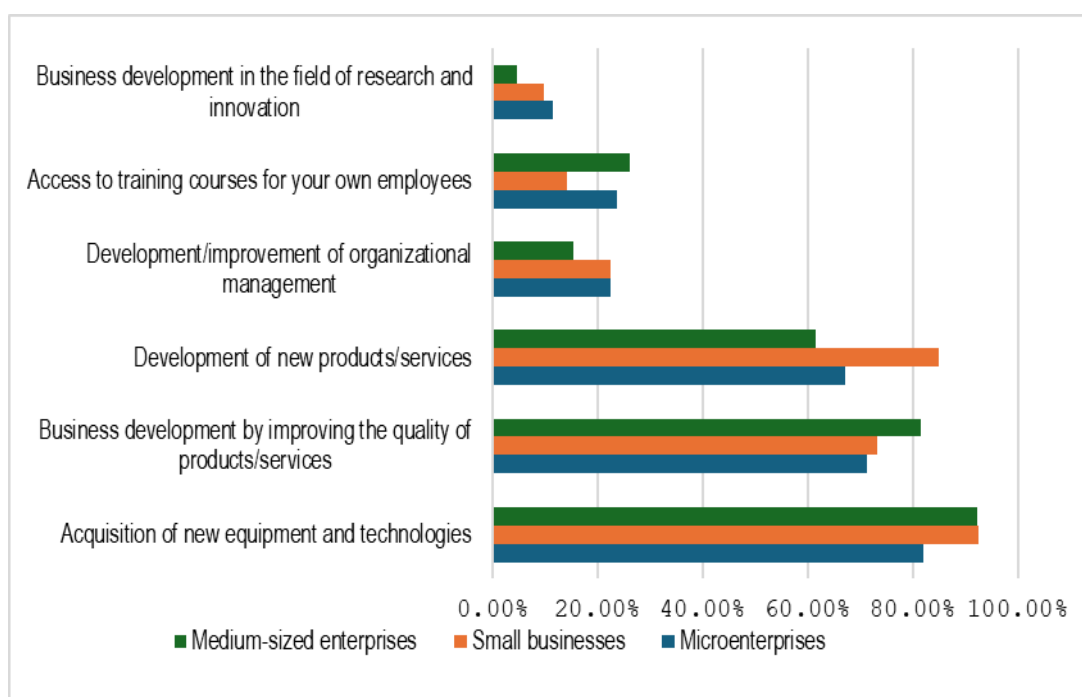


Figure 3. Differentiating the benefits of SMEs in Romania regarding accessing European funds depending on their size

Source: Simion,2025

According to the data presented in Figure 4, more than half of small and medium-sized enterprises wish to access European funds in 2025, proof of their attractiveness as a source of ensuring the sustainability and long-term development of SMEs in Romania. This share also reveals the optimism of Romanian entrepreneurs and staff of small and medium-sized enterprises in Romania regarding the role of projects financed from European funds in the development of their own businesses. However, compared to the share of entrepreneurs who have accessed European funds in the past, presented in Figure 1, there is a difference between the intention to access European Union funding sources through projects and its materialization in the number of projects financed.

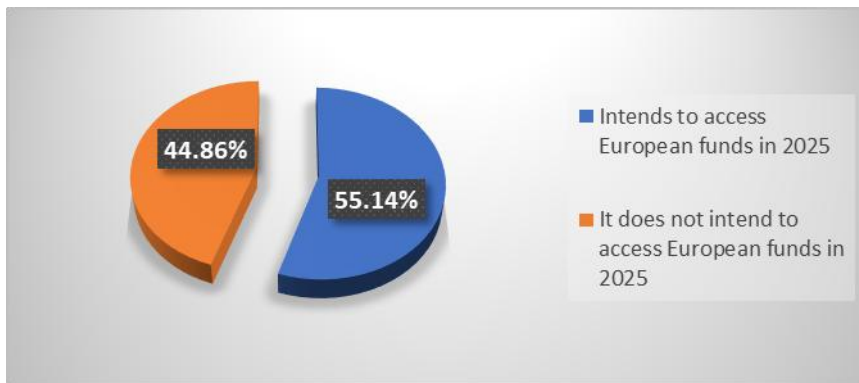


Figure 4. The intention of SMEs regarding accessing European funds in 2025

Source: Simion,2025

According to the data in Figure 5, the research result is counterintuitive at first glance: small and micro enterprises show a significant intention (>55%) to access funds for the next period, while medium-sized enterprises show a significantly lower intention ($\approx 39\%$). Two possible explanations, which are worth investigating empirically, are:

- medium-sized enterprises have had previous negative experiences (slow procedures, administrative costs) or already have alternative sources of financing;
- micro and small enterprises perceive the new programs as essential opportunities for development (survival or scaling), which is why the intention is higher.

Practical implication of this result is that the programs must capitalize on the high interest of small/micro segments and offer support packages (simplification, assistance in writing projects, micro-goods) to transform the intention into effective applications. The future research could also investigate the determinants of intention (previous experience, trust in institutions, access to consultancy).

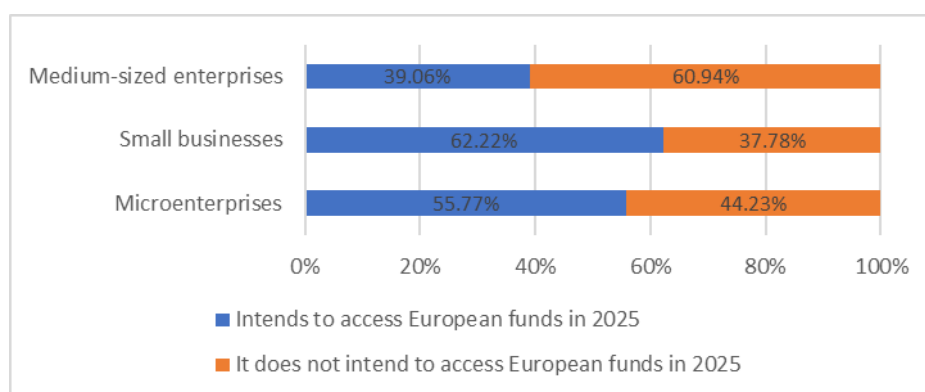


Figure 5. Entrepreneurs/managers' intention to access structural funds depending on the size of SMEs

Source: Simion, 2025

According to the data presented in Figure 6, the main obstacles to accessing structural funds are: bureaucracy/instability, restrictive eligibility criteria, insufficient own funds, cost of credit/guarantees. The dominant obstacle — bureaucracy and regulatory instability — consistently appears as a major factor, which places the problem at a structural level, not just informational. The eligibility criteria considered impermissible ($\approx 59\%$) reflect the fact that a significant part of potential beneficiaries are formally excluded from the programs, which reduces the absorption rate and generates a loss of policy efficiency.

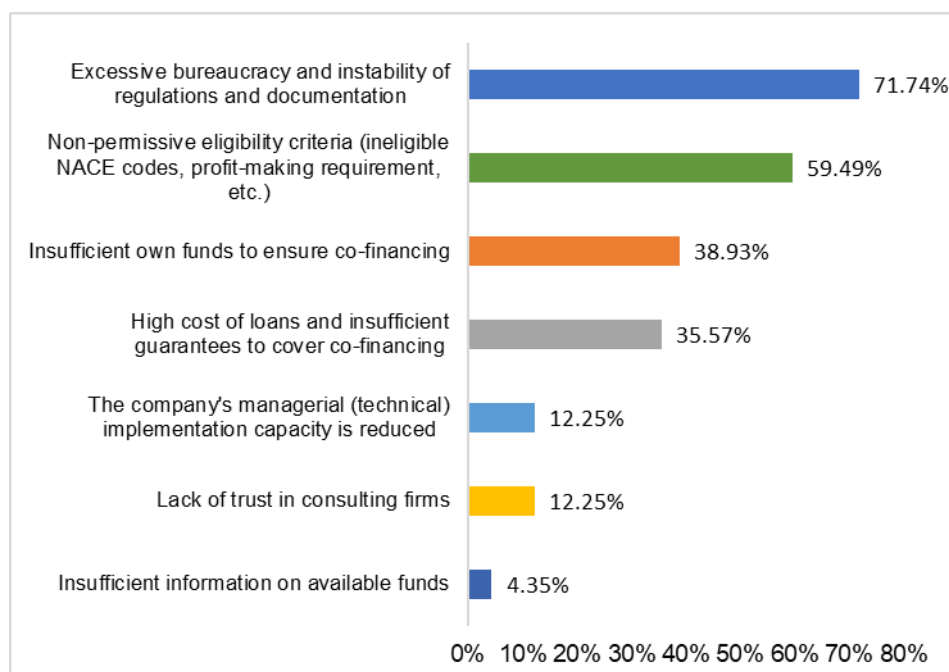


Figure 6. The main obstacles faced by SMEs in accessing structural funds

Source: Simion, 2025

Observations differentiated by size show that medium-sized enterprises (Figure 7) perceive bureaucracy as even more severe ($\approx 85.5\%$), while micro-enterprises more frequently report a lack of own funds ($\approx 43.4\%$), which highlights that the barriers are multiple and structurally different: micro-enterprises need more direct financial support for co-financing, and medium-sized enterprises may be penalized by the complexity of the procedures.

From an applied research perspective, the combination (bureaucracy + restrictive criteria) creates a filter that reduces the diversity of beneficiaries and favors only those who can bear the application costs (usually more solid companies or those with access to consultancy). The main recommendations and practical implications resulting from these research results are:

- procedural simplification,
- reduction of regulatory volatility (minimum term stability),
- measures to facilitate co-financing for micro-enterprises (vouchers, deposit grants, guarantees).

The effects of bureaucracy and regulations on EU-funded SME projects are complex and often ambivalent. On the one hand, strict rules ensure transparency and fairness in the use of public money; on the other hand, they can become a burden that stifles initiative and reduces efficiency. Bureaucracy and regulations are a double-edged sword: they protect funds and ensure fairness, but at the same time they can stifle the initiative of SMEs through excessive procedures. The optimal solution would be to simplify administrative processes and digitize reporting flows, to maintain transparency without blocking innovation and the pace of implementation.

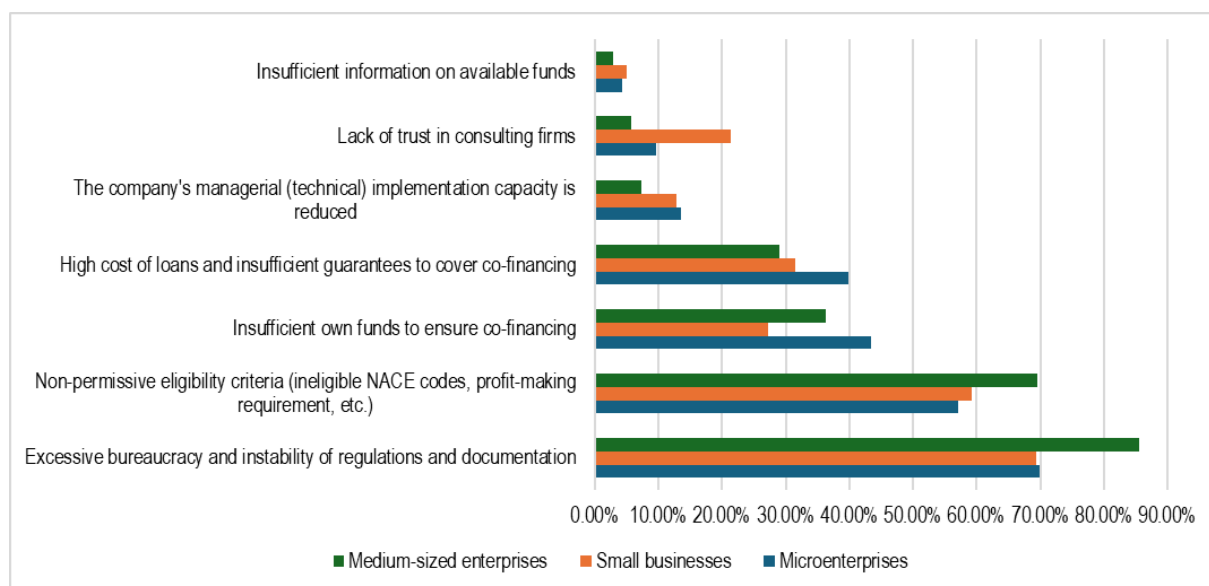


Figure 7. Differentiating obstacles to accessing structural funds according to the size of SMEs

Source: Simion, 2025

The overwhelming priority of SMEs for the period 2025–2027 is investment in fixed assets or working capital for development (Figure 8). Digitalisation appears as the second biggest need ($\approx 40\%$), reflecting the pressure for technological modernisation – this finding is aligned with the EU agenda on digital transition. Digitalization plays an essential role in the development of small and medium-sized enterprises, as it allows them to streamline their processes, reduce costs, and expand their access to markets through modern technological solutions. For Romanian SMEs, digitalization represents a major opportunity to overcome bureaucratic and competitiveness barriers, giving them faster access to international markets, modern management tools, and solutions that can increase their productivity and visibility.

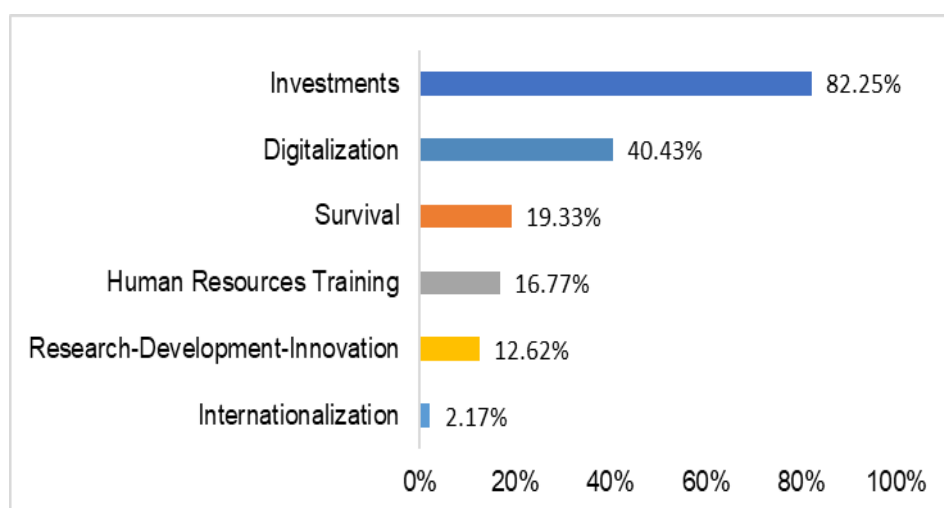


Figure 8. Financing needs from European funds associated with SMEs for the next programming period (2025-2027)

Source: Simion, 2025

In contrast, internationalisation is a minimal concern ($\approx 2\%$), which may indicate either a lack of perceived opportunities or a prioritisation of local survival and core investments over expansion into foreign markets. The consequence is that future financing instruments should emphasise packages for capex + digitalisation investments, but with complementary elements to subsequently stimulate research, development, innovation and internationalisation.

The propensity towards investment and digitalization is higher in the case of medium-sized enterprises compared to micro-enterprises or small enterprises (Figure 9). Medium-sized companies generally have more substantial financial and human resources than micro or small businesses, which allows them to allocate dedicated budgets for investments and digitalization. While a micro business often focuses on daily survival and maintaining cash flow, a medium-sized company already has a stable customer base and revenue, which gives it the necessary space to invest in modern technologies, IT systems or automation solutions.

Another important factor is operational complexity. Medium-sized companies manage larger volumes of data, processes and employees, which makes digitalization no longer just a competitive advantage, but a necessity. Implementing digital solutions – from ERPs and CRMs to e-commerce platforms – helps them reduce errors, optimize costs and respond faster to market demands. In contrast, for a micro-enterprise, these systems may seem disproportionately expensive compared to the size of the business.

In addition, medium-sized companies have a greater ability to attract and retain qualified personnel, including IT specialists or project managers, who can implement and manage digitalization processes. Micro-enterprises, on the other hand, often face a lack of internal digital skills and difficulties in accessing financing or specialized consulting. Thus, the difference in resources, complexity and know-how explains why medium-sized companies are more oriented towards investments and digitalization than small or micro ones.

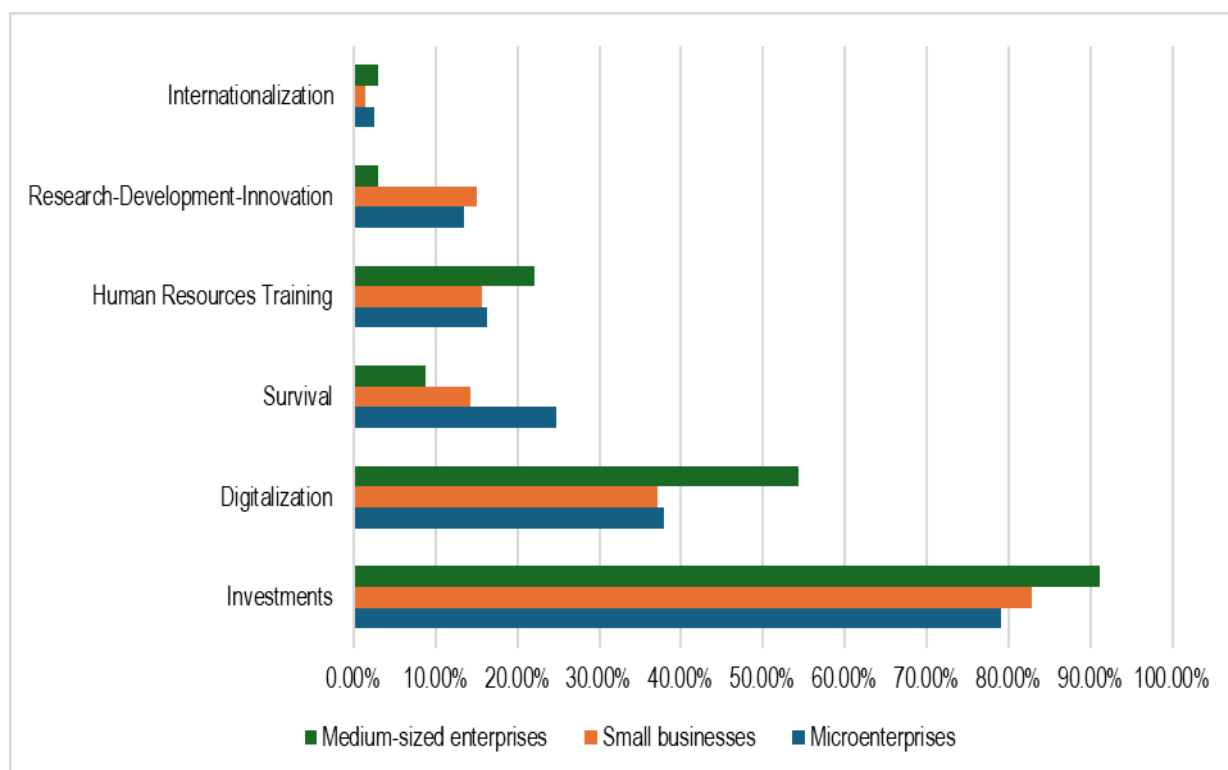


Figure 9. Differentiating financing needs from European funds according to the size of SMEs

Source: Simion,2025

According to Figure 9, another important element of European funding is the need for survival of Romanian SMEs, especially those in the SME category. Many Romanian companies are micro-enterprises with low capital, dependent on monthly cash flow. For them, the priority is to ensure their continuity, not to invest in risky research projects. Companies do not have the financial reserves to support large co-financing or to wait for delayed reimbursements. Entrepreneurs prefer investments with quick and visible results (machinery, premises, minimal digitalization) instead of R&D projects with uncertain results.

5. Conclusions

The research presented in this article was based on data collected through a questionnaire-based survey conducted by the main representative organization of SMEs in Romania. The main objective of the research is to study the impact of projects financed by the European Union, through specially dedicated European funds, on Romanian SMEs.

The effective rate of access to European funds by Romanian SMEs remains low, although there is a significant interest of small/micro-enterprises to apply for them. This suggests a problem of converting intention into actual application (most frequently due to administrative and financial barriers). The low rate of access to European funds by SMEs is explained by a combination of factors: complex bureaucratic procedures and cumbersome platforms discourage applicants, and the need for co-financing and the lack of liquidity for pre-financing put pressure on small companies, which already have difficult access to bank loans; in addition, many SMEs lack specialized human resources for writing and implementing projects, depend on expensive consultants and face distrust in the transparency of institutions, fear of controls and a low level of information on available opportunities, which means that, despite the substantial funds, the degree of use remains low.

European funding has mainly generated capital modernizations (equipment/technology) and product/quality improvements, but less research and development, innovation and training — which may reduce the long-term impact of the programs in terms of sustainable innovation. Focusing funding more on modernization than on research means quick gains, but a slowdown in the ability of SMEs to innovate and sustainably adapt to economic and technological changes. This survival orientation ensures the survival of many SMEs, but limits their ability to become competitive at European level, to innovate and to differentiate themselves. In essence, the funds help companies to "breathe", but not always to "run" in the global race for competitiveness.

The research results obtained in this article show that European financing policies for SMEs should be differentiated as follows: simpler packages for micro-enterprises, investment + innovation packages for medium-sized enterprises, and support oriented towards product development and export for those with scaling potential.

Although a representative sample of respondents for the number of Romanian entrepreneurs is used, the research presented in this article is limited to a single year. Therefore, one of the future directions of the research, considering that the statistical survey is carried out annually, is to carry out a longitudinal analysis that would more clearly reflect the evolution trends of the main variables analyzed.

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