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What Is a Startup?

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A startup company is not just a simple company; it is an engine for developing the country that creates jobs, creates economic growth, drains the brain, and attracts finance institutions. The economic advancement of a nation can often be gauged by the maturity and robustness of its startup ecosystem, alongside the level of governmental investment and support provided to startups. This research aims to examine the definition and conceptualization of the term "startup", identify established criteria for classifying a startup, and determine whether explicit legal provisions exist that differentiate startups from newly established companies with a focus on Europe. To achieve these objectives, the research includes analysis methods, focusing on secondary data and official institutional data. This approach facilitated a thorough examination of existing definitions, legal frameworks, and institutional practices regarding the identification and registration of startups across various European nations. The findings reveal a significant discrepancy within Europe concerning legislative clarity on startups. Although many European countries exhibit a well-developed startup ecosystem, not many countries possess formal legislative frameworks that explicitly define a startup and delineate its distinguishing characteristics from those of other newly founded businesses. Notably, according to the Global Startup Index 2024, countries such as Sweden, Germany, France, and the Netherlands rank highest in terms of favourable conditions for startup development. Even of high rankings and developed ecosystems, Germany and Sweden have lack of legal framework and definitions of startups, instead relying primarily on individual programs and ad-hoc initiatives to support entrepreneurial ventures like France and the Netherlands do. The research identified that some European countries, Lithuania, Estonia, Spain, Latvia, and France, have adopted legal regulations that formally define and make differences from startups to other companies, outlining clear criteria and benefits associated with startup status. In contrast, analysis of the former Yugoslavian countries, specifically Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, and Montenegro, except Serbia, indicates a conspicuous absence of clear definitions, formal criteria, or legal frameworks distinguishing startups from newly established businesses. These nations lack provisions within their legislative frameworks explicitly addressing the identification and registration of startup companies, resulting in ambiguity and inconsistency in classification and support measures. Results from this research underscore the necessity for clearer, standardized definitions and robust legal frameworks to effectively support and foster startup ecosystems. It provides a foundation for policymakers and stakeholders within the startup ecosystem to enhance clarity in legislation, facilitate targeted support, and promote sustainable economic growth through innovative entrepreneurial activities.

Keywords: startup, business, entrepreneurship

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Introduction

The main objective of this paper is to research the meaning, classification critically, and legal recognition of startup companies, specifically focusing on differences between startups and newly established traditional businesses. The term “startup” has increasingly entered both scholarly discourse and widespread usage, yet clarity regarding its definition remains elusive. This research is significant as it addresses ambiguities that may affect policy formulation, entrepreneurial support mechanisms, and investment decisions across different jurisdictions.

Key research questions in this research include:

- What constitutes a startup company, and what differentiates it explicitly from other forms of newly established companies?
- Are there uniform criteria or methodologies adopted internationally or regionally to categorize and register startups, or does this categorization depend predominantly on national or institutional contexts?
- Does existing legislation in various jurisdictions formally distinguish startups from other new business entities with focus on west Balkan, and if so, based on which specific criteria?

This paper also researches and presents the historical and contemporary evolution of the concept of a startup, recognizing significant diversity in definitions across academic literature and entrepreneurial communities. Definitions of what constitutes a startup differ widely, reflecting variations in emphasis—from innovation and scalability to rapid growth potential and technological advancement. Divergent views emerge not only among scholars but also between academia and the business community. Academic definitions typically focus on theoretical dimensions and measurable criteria such as innovation capability and growth potential, while entrepreneurs often emphasize practical considerations, including market dynamics, scalability, and the entrepreneurial mindset itself.

By systematically analyzing academic literature, institutional policies, and legislative frameworks, this paper aims to clarify the concept of the startup comprehensively. It further evaluates how variations in definitions and the absence of clear legal distinctions can impact the effectiveness of support measures provided by governments, donors, business angels, incubators, and other stakeholders within the startup ecosystem. Through comparative analysis within the EU and selected non-EU contexts, the study seeks to reveal whether standardized criteria exist or if defining a startup remains primarily a localized or institutional matter.

In general, this article contributes to bridging the existing gap between theoretical conceptualizations and practical applications of the term “startup”, thereby providing clarity that can better guide policymakers, practitioners, and entrepreneurs in fostering sustainable entrepreneurial ecosystems.

Definitions of Startup

This article provides an overview of the most relevant and widely cited definitions of startups, highlighting their different characteristics such as innovation, scalability, high growth potential, and organizational newness depending from author to author. This paper aims to present the diversity of interpretations while identifying common elements that divide startups from newly established companies. explore this complex differentiation in detail.

Startup science is young, and there are still not many research or articles on this term; the research they did (Costa, Kaczam, de Barros Josenilde, & Janguia, 2021) shows that fact. Their descriptive analysis of the research corpus revealed 228 articles, with a total of 313 authors and co-authors, that were distributed in 25 countries, with a concentration in the United States (37.28%). The period of distribution of the articles comprises the years from 1990 to 2019, with emphasis on the year 2015, with 48.43% of the articles published:

- 1976: When Steve Jobs and Steve Wozniak founded Apple in a garage in California, you could say that one of the first “startups”—as we think of them—was created.
- 1990s: Two decades later and the world was in the middle of the dotcom boom, when many online companies were starting and growing in quick succession.
- 2018: With startup conferences, events, and festivals taking place from Montreal to Turin, Finland to Namibia—as well as across the UK and the US—it shows that startups can be found all over the world in a number of sectors.

At the beginning of the definition of a startup, academics have categorized a startup solely based on the newness of its legal existence (Freeman et al., 1983; Hannan, Freeman et al., 1989)—virtually all studies prior to the 2000s using “new” as the primary discriminator. To Keeble (1976), for example, this means “the creation of an entirely new enterprise which did not formerly exist as an organization”. For Gudgin (1978), a new firm is one “which began production for the first time”. “New” by these definitions includes every newly created firm in a given time period except the ones created by changes in name, ownership, location, or legal status. The operationalization of the “new” criterion necessarily requires knowledge of the startup date. That is commonly considered to be the date of a firm’s registration as a legal entity. This approach should be used since registration records are readily accessible. Hence, a cut-off point has been devised for the respective countries based on the age of incorporation in order to disqualify firms from being categorized as startups.

While past literature fixated on the “newness” of a startup, some papers show a growing consensus of classifying a startup as being innovative due to the increasingly complex requirements of both domestic and foreign markets, which are reflected in the change in definitions used by researchers (Krejci, Strielkowski, & Cabelkova, 2015; Cho & McLean, 2009). These researchers identify that innovation is highly related to growth (UNAM, 2013; Krejci et al., 2015; Bessant & Tidd, 2015; Kuczmarksi, 2003) since it generates higher earnings as well as risk/uncertainty (Cho & McLean, 2009; Ries, 2011; Boyer & Blazy, 2013; Hyytinen, 2015; Samuelsson & Davidsson, 2009).

If we follow the theories about a startup, it is a company that wants to grow and that aims to expand in business, but if we do an analysis and research, we will see that small business founders also aim to grow and expand their business. While small and medium enterprises (SMEs) are categorized based on their annual revenue, number of employees, and value of fixed assets (fewer buildings and less land), there is a lack of literature outlining what a startup is.

Startups are not just technology companies but any companies in the process of being set up (Hermanson, 2011; Blank & Dorf, 2012; Perin, 2016; Kohler, 2016). This type of entrepreneurship happens more in the area of technology because the costs of creating a software company are lower than those of an industry.

Eric Ries (2006) defines a startup as a human institution designed to create a new product or service under conditions of extreme uncertainty. Startups are the strongest manifestation of entrepreneurship and innovation (Giezzi, & Cavallo, 2020). They are distinguished from other business ventures by dynamic market expansion executed most of using modern technologies, such as information and communication (Barandiaran-Irastorza, Peña-Fernández, & Unceta-Satrústegui, 2020). Their rapid development is guaranteed by unique know-how and investor financial support (business angels; venture capital). Due to the exceptional originality of business ideas, high demand for capital, and intensive pace of development, startups are high-risk ventures that tend to be for visionaries and entrepreneurs with above-average levels of risk acceptance.

The startup became a description of a particular kind of firm or working practice in economic geography in the 1980s. Prior to that, startup, though it was rarely used, described the early stages of any firm's activity in general terms. The term denoted a necessary attribute of all firms, referring to, for example, when a firm began (Ray et al., 1974) early-stage startup (Daniel Cockayne, 2019).

Wennekers and Thurik (1999), Carree and Thurik (2003), and Fritsch and Mueller (2004) state that startups have a direct impact on new employment and new production, and direct contributions to in-migration and increased regional productivity.

According to the European Startup Network, the startup is an independent organization that is younger than five years old and aimed at creating, improving, and expanding a scalable, innovative, technology-enabled product with high and rapid growth. According to Steve Blank (2013), the startup is a temporary structure that seeks to find a renewable, profitable, and scalable business model. A startup is a high-growth company that is scalable, focused on continuously growing, and one where the founders develop an exit strategy that results in either a sale of the company or an Initial Public Offering (Bhargava & Herman, 2020).

Paul Graham (2006), an entrepreneur, says a startup is a company designed to grow fast; being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, take venture funding, or have some sort of "exit", but the only essential thing is growth. If we follow this trend also, startups are not just technology companies but any companies in the process of being set up (Hermanson, 2011; Longhi, 2011; Blank & Dorf, 2012; Perin, 2016; Kohler, 2016). For Padrão and Andreassi (2013), startups aim at the growth in sales to have the return on investment applied in the product development phase, as it is the way these companies try to survive in their initial stages. Startup is any company that has a goal to grow and scale, usually quickly and usually using technology to do so (Ian Wright, founder of Merchant Machine).

Real entrepreneurs will say, "What is a startup?" Being a startup is a state of mind. It is not a word that's restricted by the number of years a company has been in business or the amount of revenue a business pulls in; a startup is a feeling (Jan Koum, the co-founder of WhatsApp) or the notion of a startup crossing into the world of science from the world of business (Skala, 2016).

Startups.com co-founder and CEO Wil Schroter has his own definition of what a startup company is. "A startup is the living embodiment of a founder's dream," Wil says. "It represents the journey from concept to reality. It is one of the few times when you can take something that is only a dream and make it a reality, not just for yourself, but for the entire world.".

Anamaria Diana (2017) says, startups can be defined as newly established, innovative companies with a service life up to two years and a maximum of 10 employees, while Krejci (2015) says a startup is a new and temporary company that has a business model based on innovation and technology. In addition, these types of companies have a potential for rapid growth and scalability.

According to the European Commission, a startup is "an enterprise, regardless of its legal form, that is in the process of being set up and whose goal is to develop an innovative product or service, or a scalable business model.". However, this is just a definition of a startup company that does not clearly state the criteria for a company to be called a startup company.

This definition of startup is dissected into the following aspects:

(1) Age, Independence, and Scalability

- Age: A startup is younger than five years and develops into a medium-sized company before becoming a cooperation.
- Independent: Startups are businesses set up and, at one point, owned and run by the founders.
- Scalable: A scalable product or service has a small cost associated to growth compared to the potential revenue gain.

(2) Organization & Innovation

- Organization: At an early stage, a startup can be a legal entity or not, depending on different circumstances.
- Innovative: Startups use opportunities such as new technologies to find new and often more efficient solutions to problems and create new products that better satisfy the needs of both individuals and corporations.

(3) Technology-based & High growth potential

- Tech-based: Most startups are based on information technologies—utilizing software and/or hardware.
- High growth potential: To achieve scale startup, startups must be able to operate in a good potential market. This market must be big enough and/or growing fast enough to provide ongoing demand for a startup's product.

Researchers distinguish between a startup company and a newly established company. While a startup is aimed at expanding quickly and becoming a much bigger company, in contrast to a newly founded company that is much more focused on creating and maintaining a constant and stable revenue stream and that receives income at the exact moment of establishment from the sale of services or products. Startup companies do not generate income at the exact moment of establishment, and usually, a unique new product or service is introduced into the marketplace or a niche that is not covered at the moment, in contrast to newly founded companies that offer services or products that already exist on the market, but they have some specifics or characteristics that make them different or different from the competition.

During the research phase focused on defining the term “startup company”, numerous scholarly and practitioner-based definitions emerged, highlighting variations in perspectives regarding the nature and distinct characteristics of startups compared to newly established traditional companies. These definitions demonstrate considerable diversity, influenced significantly by authors' academic backgrounds, professional orientations, and the specific periods in which the definitions were articulated. Notably, academic scholars often emphasize theoretical frameworks and criteria such as innovation, scalability, and growth potential, whereas entrepreneurs typically prioritize practical and experiential considerations, including market responsiveness, business viability, and agility. The evident divergence between academic conceptualizations and practitioner perspectives underscores the complexity inherent in achieving a universally accepted definition of a startup.

Legal Definitions of Startup in Legislation

The absence of uniform legal criteria complicates the process of identifying, categorizing, and supporting startups within national and international frameworks. This introduction explores how different countries approach the legislative definition of startups, underscoring critical variations in operational criteria such as age, innovation potential, scalability, financial data, and structural independence. This academic paper evaluates legal frameworks in European countries, contrasting the detailed criteria evident in Western European laws with the notable absence or ambiguity observed in other regions, notably the Western Balkans. Understanding these legislative distinctions is fundamental for harmonizing startup policies, promoting entrepreneurial ecosystems, and fostering consistent economic growth and innovation at national and regional levels.

As part of this article, formal inquiries were submitted to relevant governmental institutions in Slovenia, Croatia, Serbia, Macedonia, and Montenegro. These inquiries aimed to ascertain whether these countries maintain official registries specifically for startup companies, whether distinctions are explicitly made between startups and other newly established companies and the specific criteria used for any such differentiation. Responses received from the official institutions indicated uniformity across these countries, revealing the absence of dedicated registries for startups. In all cases examined, Macedonia, Croatia, Montenegro, and Slovenia, new business entities are uniformly classified and registered as standard newly established companies except in Serbia, where there is legal legislation for startups and formal startups should register in registered of startups. Furthermore, the analysis identified a common legislative gap: current legal frameworks in these countries do not formally recognize startups as distinct legal or organizational entities. Consequently, registered businesses are differentiated solely by generic parameters such as company size, ownership structure, legal form, capital requirements, and management composition without specific reference or differentiation based on startup-specific criteria. This lack of explicit legislative recognition may present significant implications for policy formulation, entrepreneurial support, and development of startup ecosystems in the region.

In the analysis of secondary data sources on the legislation for startup companies in Europe, countries in the European Union were analyzed, and it was determined that there are a small number of countries that have legal regulation (legal framework) and have a legislative that recognizes startup companies as a unique entity. Spain is the last country to pass laws and legal regulations on startup companies. On December 1, 2022, the Spanish Parliament approved the Law for the Promotion of the Startup Ecosystem, known as the “Startup Law”, which aims to support the creation and growth of startups, as well as to attract talent to the country. The term “startup” in Spain is defined as:

- Are less than five years old, or seven in the case of biotechnology, energy, and industrial companies
- Have an innovative character and a technological base
- Are not listed on the stock exchange and do not distribute dividends
- Have internal structures that favour meritocracy
- Are in a market niche that did not exist before
- Increase the efficiency and sustainability of other sectors
- Attract foreign investment and talent
- Are headquartered and have the majority of their employees in Spain

One of the first countries in the European Union that has adopted a law on startup companies is Latvia. The law in Latvia, which was adopted in 2017 year, defines a startup as an innovative, scalable business with high economic potential. It also describes three support mechanisms for early-stage startups. A startup must meet some essential criteria to qualify for one of the tax plans. It should be less than five years old, have earned less than €200K in revenues during the first two years and less than €5 million during five years since incorporation, not be paying dividends, and have produced an innovative product or service.

In Estonia, with Act of Aline (subdivision 2, 62.4), the startup concept is formally recognized and entered into legal regulation. By Estonian law (Act of Aline, subdivision 2, 62.4), a startup company is a business entity belonging to a company registered in Estonia which is starting activity with the purpose of developing and launching such a business model with high global growth potential, innovative and replicable that shall significantly contribute to the development of the Estonian business environment.

In Lithuania, the legal definition of a startup is articulated in the Law on the Development of Small and Medium-Sized Enterprises. This law defines a startup as a micro or small enterprise that meets the following criteria:

(1) Innovation potential: The enterprise must demonstrate significant potential for innovation-driven business development.

(2) Operational history: The enterprise must have been operating for less than five years.

This definition aligns with the broader framework for small and medium-sized enterprises (SMEs) outlined in the same law. According to the law, SMEs are categorized based on financial indicators and staff headcount as follows:

- Micro Enterprise:
  - Staff headcount: Fewer than 10 employees
  - Annual turnover: Up to €2 million
  - Balance sheet total: Up to €2 million
- Small Enterprise:
  - Staff headcount: Fewer than 50 employees
  - Annual turnover: Up to €10 million
  - Balance sheet total: Up to €10 million

France has adopted several programs and projects to support startup companies. The law, which was adopted in May 2019, provides companies with the means to grow faster and better, thanks to the streamlined legal framework. France has also adopted several programs and projects in order to promote the country as a desirable startup country and, at the same time, to attract investments, talent, and technology. Startup companies in France are known as young innovative companies (JEI), and for that, the company must meet the following conditions:

- Be an SME: It must employ less than 250 people and carry out a turnover of €50 million or must have a total balance of less than €43 million.
- To qualify for a social exemption: it must have been created under eight years (the company permanently loses JEI status in the year of its 8th birthday).
- To qualify for the tax exemption: it must have been created under 11 years (the company permanently loses JEI status in the year of his 11th birthday).
- It must carry out R&D expenditure representing at least 15% of charges. The calculation of this rate does not take into account the costs of disposals of shares or bonds, exchange losses, and expenses incurred with other JEI carrying out R&D projects.

In Portugal, the legal framework defining startups is established by Law No. 21/2023, enacted on May 25, 2023, which introduces specific criteria and benefits for entities recognized as startups. To obtain official startup status, companies are required to submit a prior notification to Startup Portugal through the public services one-stop shop. Upon submission, a digital certificate is issued, valid for three years and renewable for an additional three years upon confirmation.

Criteria for Startup Status

(1) Operational History:

- The company must have been in operation for less than 10 years.

(2) Size:

- It should employ fewer than 250 employees.
- The annual turnover must not exceed €50 million.

(3) Independence:

- The entity should not result from the transformation or spin-off of a larger company.
- No large company should hold a direct or indirect majority stake in its capital.

(4) Presence in Portugal:

- The company must have its headquarters or a permanent establishment in Portugal.
- Alternatively, it should employ at least 25 employees within Portuguese territory.

(5) Innovation and Growth Potential:

The company must meet at least one of the following conditions:

- Be recognized as an innovative company with high growth potential, offering innovative business models, products, or services.
- Have successfully completed at least one round of venture capital financing from a legally qualified entity.
- Have received investment from Banco Português de Fomento, S. A., or related funds.

In Italy, the legislative framework defining "innovative startups" is established by Decree-Law No. 179/2012, converted into Law No. 221/2012, commonly referred to as the "Italian Startup Act". This legislation aims to foster the creation and growth of companies characterized by high technological value and innovation. To benefit from the incentives provided by the legislation, companies must register in a special section of the Italian Business Register dedicated to innovative startups. This registration is valid for up to five years from the company's incorporation.

Criteria for "Innovative Startup" Status

(1) Legal Form and Establishment:

- Must be a corporation.
- Established for no more than 60 months (five years).
- Not formed through a merger, demerger, or transfer of a business.

(2) Headquarters and Operations:

- Must have its main office in Italy or another EU/EEA country, with at least a production site or branch in Italy.

(3) Financial Parameters:

- Annual turnover must not exceed €5 million.
- Should not distribute profits.

(4) Business Purpose:

- The exclusive or predominant objective should be the development, production, and commercialization of innovative products or services with high technological value.

(5) Additional Qualifying Criteria:

The company must meet at least one of the following:

- R&D expenses are at least 15% of the higher value between turnover and operating costs.
- At least one-third of the workforce comprises PhD holders, PhD students, or researchers; alternatively, two-thirds hold a master's degree.
- The company is the owner, depositary, or licensee of a registered patent or software.

Table 1

Definition of Startups.

Author/source	Type of source	Definition of startup
Freeman, J., Carroll, G., & Hannan, M. (1983); Hannan, M., & Freeman, J. (1989)	Journal Article/Academic Study	Startup defined by "newness"—any firm newly established, excluding changes in name, ownership, location, or legal status.
Eric Ries. (2011). The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses	Book: *The Lean Startup*	A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty.
Paul Graham. (2006). Essay "Startup = Growth"	Essay/Blog Article	A startup is a company designed to grow fast; growth is the essential characteristic.
European Startup Network. (2016). *Startup Definition Report*	Industry Report/Organizational Definition	A startup is an independent organization, younger than five years, aimed at creating, improving, and expanding a scalable, innovative, technology-enabled product with high and rapid growth.
Steve Blank. (2013). The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company	Book/Innovation Framework	A startup is a temporary structure that seeks a repeatable, scalable business model.
Ian Wright. (2018). "Definition of a Startup"—Startup Genome Blog	Entrepreneurship Blog	A startup aims to grow and scale quickly, usually using technology.
European Commission. (2016). EU Startup Definition in SME Performance Review	EU Policy Document	An enterprise in the process of being set up, aiming to develop an innovative product/service or scalable business model.
Anamaria Diana. (2017). Characteristics of Startups and Their Founders. *Journal of Emerging Trends in Marketing and Management*	Journal Article	Startups are newly established, innovative companies with a lifespan up to two years and a maximum of 10 employees.
Krejci, I. (2015). Innovative Startups and Their Business Models (Thesis, Masaryk University)	Thesis/Dissertation	A new and temporary company with a business model based on innovation and technology, aiming for rapid growth and scalability.
Wil Schroter. (2014). "Definition of a Startup"—Founder Institute Blog	Entrepreneurship Blog/Website	A startup is the living embodiment of a founder's dream, transforming concept into reality.
Pekevski Sinisa. (2025). What is startup?	Academic article	A startup is a new established business entity, founded and run by young entrepreneurs, operating less than five years, that applies innovative ideas and/or new technologies for achieving fast market growth in a short period
Hermanson, H. (2011); Longhi, C. (2011); Blank, S., & Dorf, B. (2012); Perin, M. G. (2016); Kohler, T. (2016). Various Academic Sources on Startups	Books/Combined Academic and Professional Sources	Startups are not just technology companies but any companies in the process of being set up, often in the technology sector due to lower startup costs.

Conclusion

This research aimed was to clarify the definition of a startup in Europe, identify explicit criteria distinguishing startups from traditional newly established companies, and analyze the presence and uniformity of legal frameworks for categorizing and registering startups. Specifically, it researched whether uniform definitions and criteria are adopted internationally or if such distinctions primarily depend on national or institutional contexts, with a focused examination of the West Balkan region.

The analysis shows significant variations in defining startup companies across European jurisdictions. Countries such as Spain, Latvia, Estonia, Lithuania, France, Portugal, and Italy possess clearly articulated legislative frameworks that define startups according to explicit criteria including operational age, innovation potential, scalability, financial limitations, and structural independence. These frameworks distinctly differentiate startups from other new opened companies, facilitating targeted policy-making and support mechanisms designed to help innovation oriented entrepreneurial growth. In contrast, research in the west Balkan countries specifically Slovenia, Croatia, Macedonia, and Montenegro revealed a consistent absence of formal legislative frameworks and dedicated registries for startups. In these countries, businesses are uniformly categorized and registered as newly established entities, differentiated solely by generic business parameters such as size, ownership structure, capital requirements, and legal form. This uniformity underscores a significant legislative and policy gap, as none of these jurisdictions formally recognizes or provides specialized support frameworks explicitly for startups, except Serbia.

Analyses and research note that there is no internationally or regionally uniform methodology or universally accepted criteria for defining and registering startups. Instead, definitions and criteria depend on national contexts, reflecting different economic priorities and strategic goals across jurisdictions. The observed legislative disparities within Europe and particularly the stark contrast between Western European and West Balkan countries highlight the necessity for harmonizing startup definitions and establishing clear legal frameworks. Such harmonization could significantly enhance cross-border entrepreneurial cooperation, facilitate targeted policy interventions, and improve the overall innovation climate.

In conclusion, explicit and coherent legislative definitions and criteria for startups are critical for fostering robust entrepreneurial ecosystems. The absence of such clarity, as identified in the West Balkan region, potentially restricts targeted entrepreneurial support, policy effectiveness, and broader economic growth. Future policy directions and legislative developments should aim to bridge these gaps by clearly defining startups, outlining explicit differentiation criteria, and creating tailored legislative frameworks that nurture innovation-driven economic development.

Upon a thorough review of literature, this paper proposes the following definition of a startup: “A startup is a new established business, founded and run by young entrepreneurs, operating less than five years, that applies innovative ideas and new technologies for achieving fast market growth in a short period.”

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