

Start-ups and micro-enterprises: Reality and Perspectives

Case Study of Redjem Studio Start-up - Algeria

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Article Information

Article history

Received: 09 August 2024

Accepted: 15 December 2024

Published: 31 Decembre 2024

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Suggested Citation

Samia Kahil (2024). Start-ups and micro-enterprises: Reality and Perspectives Case Study of Redjem Studio Start-up - Algeria, Finance and Business Economics Review, , Vol. 08, No. 04, pp. 47-58.
DOI : 10.58205/fber.v8i4.1899

Abstract: In order to revive the economy, and absorb the unemployment problem suffered by young people and especially young graduates, Algeria, like many countries in the world, has become aware of the role played by startups. Thus, in the context of the economic crisis that we are currently experiencing, the development of start-ups is one of the essential levers for economic development, however various measures have been taken by the Algerian government to facilitate the creation and growth of start-ups. up by trying to create a favorable climate for their growth.

This research aims to study the growth trajectory of a population of start-ups that has been supported by the Algerian government. In this context our article tries to answer the following question What is a start-up, what are the particularities attached to this category of companies? Where is Algeria in its research project for an ecosystem favorable to the creation and sustainability of startups?

Keys words: startup, micro-enterprises, Economic development, Success and growth factors

Introduction:

In an effort to revitalize the economy and address the issue of unemployment, particularly among young people and graduates, Algeria, like many countries around the world, has recognized the significant role startups play. A startup is an organizational form that emerged in the 1990s in the United States as a potential means for any economy to create wealth, generate employment, and support economic growth. Companies such as Google, Facebook, and Twitter are considered startups.

In the current economic crisis, the development of startups is seen as an essential driver for economic recovery. Consequently, various measures have been taken by the Algerian government to facilitate the creation and growth of startups by attempting to create a favorable environment for their development.

In this context the algerian government declared that there are currently 5,000 startups in Algeria in 2024, of which more than 1,100 are recognized as “startups” or “innovation projects”. This shows the strong growth of the startup sector in Algeria, thanks to the increase in the number of active incubators, from 14 to 60 in three years. The government created the Algerian Startup Fund (ASF) in October 2020 to help innovative projects, financed by six state banks with 1.2 billion dinars (8.5 million euros). ASF has already supported startups, significantly increasing their sales. Algeria has also set up a network of incubators and accelerators to help entrepreneurs by offering them training, advice, financing and coworking spaces.

The development of startups is a priority for the government, allowing young entrepreneurs to realize their ambitions and contribute to the country's economy.

This article aims to answer the following question: What are the specific characteristics of this category of businesses? Where does Algeria stand in its quest to establish a supportive ecosystem for the creation and sustainability of startups?

Section 1: Definition and Characteristics of Startups

I/ Definition of the Word "Startup" The word "startup" originates from Anglo-American terminology. A startup (from the English: ['start,up], also referred to as a "young shoot" or "newly launched company" in French) is an innovative business that is newly created, usually seeking substantial investment funding, with a very high potential for economic growth and financial speculation on its future value. Its phase of research and development for an innovative product, idea testing, technology validation, or economic model can be quite lengthy before reaching the commercial phase. The risk of failure is significantly higher compared to other businesses due to its innovative nature, small size, and lack of visibility. (www.capital.fr, 2021)

Startups typically establish themselves in business incubators, enterprise incubators, or technology parks. Their numbers have particularly increased since the 1990s, with the advent of the new economy (or digital economy, which led to the dot-com bubble). They can be funded through various forms of venture capital, business angels, innovation-focused mutual funds, and more.

The term "startup" has now entered popular jargon, though it remains somewhat ambiguous. In essence, "startup" signifies "to start," meaning it is considered a creation of a business. However, in practice, it is primarily associated with an innovative enterprise that continues to attract individuals and investors (**Gaujard, 2008, p35**).

Thanks to the internet, startups have the ability to quickly acquire markets and reach a significant number of potential customers.

Etymologically, the word "startup" is composed of two parts:

- "Start" refers to the launch of a new business.
- "Up" indicates the acceleration phase of the business.

"A startup is much more than a business; it is a true state of mind: a team sharing values and united in pursuing a common innovative project." (**Claudio et al, 2022, p 15**)

Steve Blank defined a startup as "a temporary organization designed to search for a repeatable and scalable business model" (**Bpifrance-creation.fr, 2021, p22**).

In 2011, Eric Ries wrote the book *The Lean Startup* (**Steve, 2013,p18**), in which he defined the principles of a startup. The Lean Startup is a methodology designed to facilitate the launch of a business or product. The goal of this method is to shorten development cycles and quickly identify a viable business model. This is achieved through two main aspects:

- The organization of production should prioritize inventiveness over planning;
- Scientific experimentation and consumer feedback are preferred over theoretical product development. This methodology addresses the significant uncertainty that startups face and their need to develop a product or service that meets market demand.

The idea behind this approach is that startups are not meant to remain static; instead, they must quickly find ways to become prosperous companies. Indeed, a startup is characterized by the following main features: "novelty, innovation, potential for growth, and the need for funding."

- **Novelty:** Startups are usually newly created businesses.
- **Innovation:** Startups are innovative, both in the technology they use and in their offerings and business models.
- **Potential for Growth:** The innovative nature of a startup doesn't allow for a stable business model initially, but it does enable exponential growth.
- **Need for Funding:** To develop quickly and reach a profitable business model, startups require significant funding.

II/ History of Startups The term "startup" became popular in the late 1990s. During this period, a speculative bubble formed due to overinvestment in small startups related to information technology, aiming for a quick entry into the stock market and promising potential profits. This bubble was known as the "dot-com bubble." Many of these startups began as spin-

offs (subsidiaries) from university research groups. The 1990s were the decade of birth for most successful startups (initially, companies like Apple or Google considered startups). **(Claudio et al, 2022p 21).**

According to some studies, the earliest startups to emerge were companies in Silicon Valley, California, such as International Business Machines (IBM), founded in 1911. Some of the legendary garages and workshops of startups include: **(Olivier, 2015)**

- The Hewlett-Packard Garage, 1939, in California.
- The Apple Garage, 1976, in California.
- The Google Garage, 1997, in California.
- Gottlieb Daimler's Workshop, 1882.
- Henry Ford's Workshop, Detroit (Michigan), 1889.
- The Harley-Davidson Workshop and Shed, Milwaukee, 1903.
- The Bugatti Garage, Shop, and Stables, Molsheim, 1909.

Notable Technology Startups:

- **1939:** Hewlett-Packard, founded by William Hewlett and David Packard.
- **1968:** Intel, founded by Andrew Grove, Gordon Earle Moore, and Robert Noyce.
- **1972:** Atari, founded by Nolan Bushnell.
- **1975:** Microsoft, founded by Bill Gates and Paul Allen.
- **1976:** Apple, founded by Steve Jobs and Steve Wozniak.
- **1994:** Yahoo!, founded by David Filo and Jerry Yang at Stanford University.
- **1995:** eBay, founded by Pierre Omidyar (2004 revenue: \$3 billion, 200 million registered members).
- **1998:** Google, founded by Larry Page and Sergey Brin (estimated market capitalization of \$400 billion on the New York Stock Exchange in 2014).
- **2004:** Facebook, founded by Mark Zuckerberg, Eduardo Saverin, Dustin Moskovitz, and Chris Hughes.
- **2005:** YouTube, founded by Steve Chen, Chad Hurley, and Jawed Karim.
- **2006:** Twitter, founded by Jack Dorsey, Biz Stone, and Evan Williams (valued at \$7 billion in 2011).
- **2008:** Evernote, founded by Stepan Pachikov.
- **2015:** Never Eat Alone, founded by Marie Schneegans.

Based on the definitions of what constitutes a startup, we can deduce their characteristics as follows:

III/ Characteristics of Startups

Startups represent a unique category of businesses within the professional world, distinguished by several key characteristics: **(Pierre Facon, 2021).**

➤ **Higher Risk Projects**

A startup's creation involves greater risk than that of a traditional business. Besides the inherent risks of starting a business, a startup also faces risks associated with innovation.

➤ **Agile Structures**

Startups are agile entities, capable of rapidly adapting to their environment and its changes. These companies often operate in emerging markets where the rules are not yet established. Agility is a crucial success factor.

➤ **Temporary State**

A startup is a transient phase with the primary goal of moving beyond this stage. Being a startup is not a permanent condition; it is not an end in itself. A startup may either fail and disappear or succeed and transition into a traditional business.

➤ **Pursuit of a Business Model**

A startup seeks to deliver value to customers with a product or service that has never been offered before, which is a defining characteristic of a startup. The challenge for a startup is to find and develop a business model that suits its innovative nature. This business model is not simply an adaptation of existing structures and may not be immediately clear at the outset. It's important to distinguish between a business model (the complete framework and mechanisms

through which the company generates revenue) and a business plan. The business plan is a written document that formalizes a business project. It is typically created in the second phase of establishing a company, following the project's assessment, and can also be used when developing new activities within an existing company.

➤ **Significant Funding Needs**

Startups often require substantial funding for both their initial launch and subsequent development:

Initially, they need funding to get started since they generate little to no revenue at the beginning, yet have expenses such as recruitment and product or service development.

Later, they need funds to accelerate growth, as these companies aim for rapid expansion. They often do not have the time to become self-sustaining and may need to raise capital to scale up quickly.

➤ **High Profitability Potential**

Most startup projects have the potential for high profitability. Initially, like all projects, a startup requires significant financial investment to get off the ground. However, once the company successfully navigates the launch phase, it can accelerate its growth, leading to increased margins per customer.

IV/ Steps for Launching a Startup: To successfully launch a startup, a well-studied and structured plan is essential, which includes: **(Eulalia & Romuald, 2020)**

- Summarizing the project in a few lines,
- Defining the business model,
- Identifying key success factors,
- Identifying key competencies and building the project team.

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Revenue forecasting is a complex exercise for most innovation projects. It is nearly impossible to accurately predict future revenues in innovative projects. For an innovative company, creating financial projections is useful to estimate all project needs (investments, hiring, etc.) and determine a break-even point.

50

V/ Startup Funding As previously mentioned, startups often have significant funding needs. This funding is necessary first to design and launch an innovative product or service, and then to accelerate growth for rapid expansion. The popular method of funding in the world of innovative companies is through equity fundraising. This involves bringing investors into the company's equity. In return for their investment, these investors provide capital to help the business start its activities or accelerate its development. **(Geoffroy, 2014, p66)**

Innovative startups can also benefit from various innovation support programs, particularly from their governments. However, they face challenges in accessing funding, mainly due to a lack of sufficient information about startups and the difficulty in assessing their growth potential. It is crucial to reassure potential funders to support the growth of startups. In the following section, we will examine the situation of startups in Algeria, exploring their reality and future prospects. **(Eulalia & Romuald. 2020, p52).**

Section 2: The Emergence of Startups in Algeria

The concept of a startup in Algeria has remained ambiguous due to the lack of a clear legal framework outlining the conditions for creating such organizations. This ambiguity persisted until the issuance of Executive Decree No. 20-254 on September 15, 2020, which established the "startup" label as the official designation for qualifying startups. This label is granted to startups that meet the conditions specified in the decree. (Décret exécutif n° 20-254 , 2020) In addition to this, the law on business forms, published in the Official Journal No. 32 on May 14, 2022, explicitly aims "to create a new form of Joint-Stock Company, known as the Simplified Joint-Stock Company (SPAS) or the Single-Member Joint-Stock Company," intended exclusively for labeled startups.

Furthermore, fiscal, support, and accompaniment measures have been implemented, including the deployment of public academic incubators at universities. Additional benefits, such as the status of Young Innovative Company (JEI), have also been offered to these young enterprises.

I/ The Legal Status of Startups:

The legislative framework governing startups in Algeria began with financial laws and other regulatory texts. To provide more flexibility for the creation and management of startups in Algeria, a new legal form "S.P.A.S" (Simplified Joint-Stock Company) was introduced following the publication of Law No. 22-09 on May 5, 2022, amending and supplementing Ordinance No. 75-59 of September 26, 1975, which constitutes the Commercial Code.

Published in the Official Journal No. 32 on May 14, 2022, this legal form aims to be a hybrid between the Limited Liability Company (SARL) and the Joint-Stock Company (SPA), offering advantages (such as facilitating the entry and exit of capital and exempting equipment acquired by startups from VAT for their investment projects) and guarantees to the company's founders. (Javier & Sanchez 2022)

Therefore, a startup is not a separate legal form of business; it is simply a category of businesses focused on innovation. In these projects, the most commonly adopted legal form is the SAS (Simplified Joint-Stock Company). This choice is primarily due to the flexibility of this form, which allows for considerable freedom in organizing the company's operations. (RIES, 2011, p12).

II/ The "Startup" Label

The "Startup" label is an institutional document that acts as a "passport" for accessing various facilities provided by the state to startups. A startup can only obtain this label if it has already been established and meets a set of criteria.

The "Innovative Project" label, on the other hand, is intended for project initiators who have not yet created their company. Like the "Startup" label, it grants access to similar advantages. The "Incubator" label is awarded to any public, private, or public-private partnership structure that offers support to startups and innovative project initiators, including hosting, training, consulting, and financing services.

The Startup label is awarded in accordance with Article 11 of Executive Decree No. 20-254 of September 15, 2020, to any Algerian legal entity that meets the following conditions:

- The company must not have existed for more than eight (8) years.
- The company's business model must be based on innovative products, services, business models, or other concepts.
- The annual turnover must not exceed the amount set by the national committee.
- The share capital must be at least 50% owned by natural persons, approved investment funds, or other companies holding the "Startup" label.
- The company must have significant growth potential.
- The company must have no more than 250 employees.

In May 2022, the Delegate Minister to the Prime Minister in charge of the knowledge economy and startups introduced four standards to prove the innovative nature of a startup:

- **Research and Development Expenses:** The company should spend at least 15% of its turnover on research and development.
- **Quality of Founding Members:** At least half of the founding team should hold a doctoral degree or higher.
- **Intellectual Property:** The company should have obtained a patent or have a registered program at the national or international level.
- **Prototype Presentation:** The applicant for the label must present at least one prototype of the submitted innovation.

Given that startups require significant funding to ensure their growth and sustainability, the next section will discuss the various funds created by the state to provide financial aid to these young companies.

III/ Funding of Startups in Algeria

To support startup funding, the "Algerian Startup Fund" (ASF) was established as the first public fund dedicated to startups. With a capital of 1.2 billion DA, the ASF aims to support young project creators by investing in startups that hold the official "startup" label, both through equity and quasi-equity financing. Since its inception, the ASF has invested in the capital of over 70 startups and financed approximately 390 innovative projects.

The sector aims to increase spending on research and development, targeting 3% of GDP within five years, up from the current 1%. The 2023 Finance Law includes "highly incentive measures" to boost research, development, and innovation.

Additionally, an agreement with the Ministry of Higher Education and Scientific Research helps cover modeling costs in partnership with the Directorate of Research and Development, as well as patent and intellectual property documentation costs. This initiative has led to an increase in patents compared to previous years. (**Prime minister services, 2022**)

An important fiscal measure is the introduction of a 5% flat-rate tax (IFU) for activities conducted under the auto-entrepreneur status, with a turnover cap of 5 million DA. For micro-enterprises, a review of the National Agency for Entrepreneurship Support and Development (ANADE) and the National Microcredit Management Agency (ANGEM) revealed several issues, including the proliferation of fictitious projects and corrupt suppliers.

The sector is undergoing "radical changes" to transition ANADE from a social approach to a strictly economic one, encouraging young entrepreneurs to enter business on realistic grounds. To promote the startup ecosystem and digital economy, the government is focusing on several key actions: (**Farid, 2023, p55**)

- Establishing a regulatory framework for open innovation and electronic payment intermediaries, along with implementing regulations for crowdfunding.
- Revising e-commerce legislation to make it more startup-friendly.
- Simplifying company creation procedures for startups and first-time investors.
- Creating specific statuses for freelancers and auto-entrepreneurs.
- Enhancing the role of startups in financial inclusion through e-payment and e-commerce.
- Establishing regional branches of the Algerian Startup Fund.
- Launching a startup acceleration program via the public accelerator Algeria Venture.
- Creating incubators and accelerators in all provinces (wilayas) of the country.
- Implementing a system to evaluate and upgrade incubators.
- Creating a Finlab for startups in the financial technology (fintech) sector.
- Encouraging venture capital, simplifying administrative procedures for creating investment funds and common investment funds in innovation.
- Facilitating access to e-payment for startups, addressing a major challenge as these companies often rely on the internet for growth and customer acquisition through social media and online advertising.

In the following sections, we will explore in detail the various agencies established to finance startup projects.

a) National Microcredit Management Agency (ANGEM)

Established by Executive Decree No. 04-14 on January 22, 2004, ANGEM is a public agency offering interest-free microloans to citizens over 18 who are unemployed or have precarious employment with unstable or irregular income. These loans are intended to purchase raw materials needed for startup activities.

b) National Entrepreneurship Support And Development Agency (NESDA) Formerly known as the National Agency for Youth Employment Support (ANSEJ), **NESDA** is a public agency managing a credit fund for business creation. It supports project initiators in creating and expanding micro-enterprises and provides financial assistance in the form of loans.

c) National Unemployment Insurance Fund (CNAC) CNAC, a public social security organization, compensates employees who lose their jobs for economic reasons and manages a credit fund for business creation. It contributes to the public employment service, implementing policies to support the emergence, growth, and sustainability of SMEs. CNAC offers financial aid to unemployed promoters aged 30 to 50 through loans.

• Startups and their growth factors

In the context of globalization and technological development, what is known as the modern global economy has emerged, with startups being one of its most significant outputs. These startups play a crucial role in job creation and the development of innovative projects, contributing to the economic and social growth within the country. Definitions of startups vary

depending on the ecosystem in which they operate. Eric Ries defined them in his book *The Lean Startup* as a human organization designed to create a new product or service under conditions of extreme uncertainty (Ries, 2011, p24). Ries is a prominent American entrepreneur in the field of entrepreneurship and innovative startups.

In the same context, researchers Eulalia and Romuald (2020) defined a startup as a young company that differs from small and medium-sized enterprises in terms of autonomy, innovation, and strong growth pace. These companies invest heavily in research and development and strive to build a collaborative and creative team aiming to find solutions to real problems in the most efficient and cost-effective ways (Javier & Herrador, 2022, p66). According to a study by Al Ehsan (2021), startups are distinguished by four key characteristics: company age, high risk, innovation, and growth.

In Algeria, the legislator defines a startup as any company subject to the law mentioned in Article 11 of Executive Decree No. 20-254, dated September 2020, that meets the following criteria (Hamli, 2023, p36):

- The startup must not be older than eight years, and its workforce should not exceed 250 employees.
- The annual turnover must not exceed the ceiling set by the committee.
- The company should exhibit strong growth within recognized limits.
- The business model should be based on an innovative idea.

Based on these definitions, startups can be seen as new companies that reflect the dynamic needs of the modern consumer, aiming to provide innovative solutions with the potential for strong growth if successful. However, they are not without risks, especially in the early stages, where they often experience a slowdown before entering a growth phase. Most researchers in this field agree that startups go through five essential stages:

- **Launching the prototype of the product or service:** This follows a thorough study of the idea, considering costs and the target market.
- **Launching the first sample of the product or service:** At this stage, obtaining funding is often the most challenging aspect, typically requiring external support, either from natural or legal entities.
- **Reaching the peak:** Despite achieving actual growth in the product or service, the company faces competition in the market.
- **Growth phase:** The company may either secure its market position by overcoming previous challenges through improved strategies and gained experience, achieving significant growth in performance and profits, or risk exiting the market if it fails to do so.
- **Stabilization phase:** The company begins to achieve rapid and sustained growth, with the product or service capturing a significant market share, leading to substantial profits.

IV/ Example of a Start-up in Algeria: Redjem Studio

A case study approach was utilised, based on the study of **Redjem Studio** start-up, we focused on the steps taken to establish the company, as well as the challenges encountered and the factors contributing to the company's success, particularly during the first three years of operation.

1/ Diagnosis of Redjem Studio

Redjem Studio is an Algerian startup specializing in information technology, positioned as a national leader in this field. Founded on September 4, 2021, the company aims to offer innovative and sustainable solutions that positively impact businesses and society.

- **Detail of Redjem Studio:**
- **Initial Capital:** 36 million DA
- **Current Capital:** 55 million DA
- **Number of Associates:** 5
- **Number of Employees:** 30 (6 permanent, 24 project-based) and 8 interns (7 in graphic design and 1 in digital marketing)
- **Headquarters:** Les Hauts Plateaux, Sétif
- **Current Number of Clients:** 60 (comprising both individuals and businesses).

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53

2/ Startup Creation Stages:

- **Idea Viability Study:**
- **Marketing Analysis:** Evaluation of market demand and identification of customer segments.
- **Innovation:** Introduction of new ideas or products to the market.

3/ Business Model Redjem Studio :

The business model of Redjem Studio, like any company, is a strategic framework that outlines how the business creates, delivers, and captures value. While specific details of Redjem Studio's business model are not entirely known, assumptions can be made based on common practices in the information technology sector and the services offered by the company. Here is a general possible description of their business model.

3-1/Value Proposition:

Redjem Studio provides innovative and sustainable solutions in the field of information technology. This may include services such as software development, IT consulting, technology infrastructure design, and customized solutions to meet clients' specific needs.

3-2/ Market Segments:

The company targets several market segments:

- **Individuals:** Offering personalized technology solutions.
- **Businesses:** Providing B2B services, including management solutions, productivity tools, and infrastructure systems.
- **Institutions:** Serving government agencies or educational institutions that require robust technological solutions.

4/ Distribution Channels:

Redjem Studio uses multiple channels to reach its customers, such as:

- **Direct Sales:** Through a website or direct contact with sales teams.
- **Digital Marketing:** Utilizing social media, online campaigns, and content marketing to attract new customers.
- **Strategic Partnerships:** Collaborating with other technology companies to offer integrated solutions.

5/Customer Relationship:

- **Technical Support:** Providing ongoing technical support for the products and services offered.
- **Consultation and Customization:** Working closely with clients to understand their specific needs and tailor solutions accordingly.

6/ Revenue Streams:

Redjem Studio's revenue streams may include:

- **Service Sales:** Revenue generated from selling technology services such as software development, consulting, and system integration.
- **Subscriptions:** A subscription model for ongoing services like technical support or software maintenance.
- **Specific Projects:** Income from short-term or one-off projects for specific clients.

7/Key Resources:

- **Technical Team:** Developers, engineers, and designers who create and maintain the solutions.
- **Technological Infrastructure:** Tools and platforms used to develop and deliver services.
- **Human Capital:** The expertise and skills of employees, including interns who support specific areas such as graphic design and marketing.

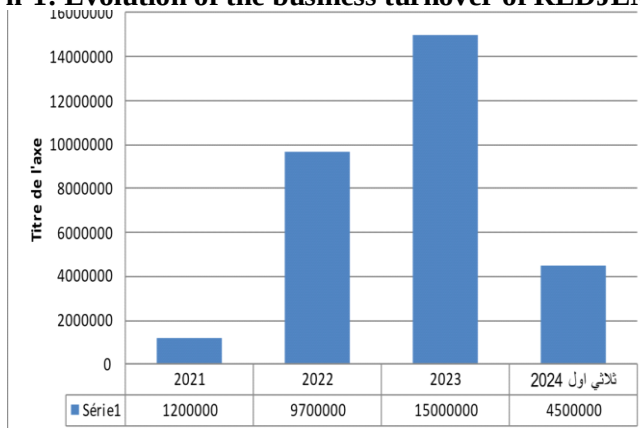
8/ Key Partners:

- **Technology Suppliers:** Partnerships with technology companies for access to the latest tools and platforms.

- **Incubators and Accelerators:** Collaboration with startup support structures for funding and skill development.

9/ Evolution of the business turnover of the start-up between 2021-2023:

Figure n°1: Evolution of the business turnover of REDJEM Studio



Source: Company document



Analysis of business turnover Growth at Redjem Studio

The analysis of Redjem Studio's business turnover growth highlights rapid and significant expansion. Here is a summary of the observations:

- **Initial Exponential Growth:** Between 2021 and 2022, Redjem Studio experienced a dramatic increase in revenue, rising from 1,200,000 to 9,700,000 centimes. This exponential growth is typical for startups that successfully consolidate their initial market and attract a growing number of customers.

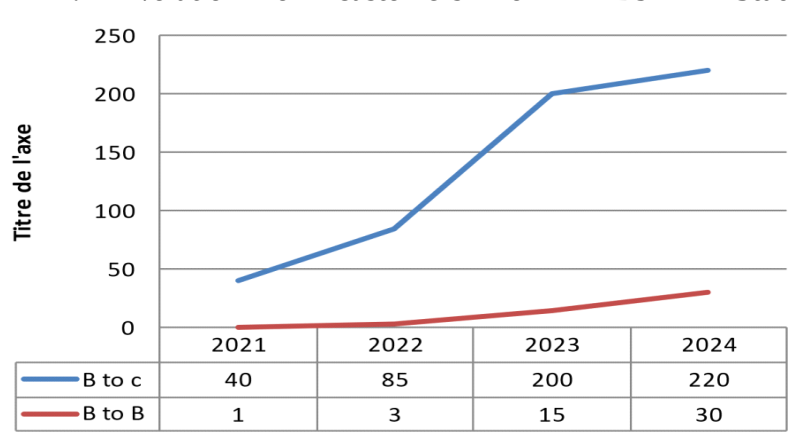
- **Continued Growth:** In 2023, the company continued to expand, reaching a revenue of 15,000,000 centimes. Although the percentage growth was less dramatic than the previous year, the absolute increase in value remains significant, demonstrating sustained expansion.

- **Promising Start for 2024:** The revenue of 4,500,000 centimes for the first quarter of 2024 suggests that the positive trend is continuing. If this trajectory is maintained, Redjem Studio could surpass the performance of previous years, marking a new stage in its development.

- **Long-Term Perspective:** The analysis indicates that Redjem Studio benefits from strong growth momentum, likely supported by increasing demand for its services and an expanding customer base. The performance in the first quarter of 2024 is particularly promising, suggesting that the company is well-positioned to continue on this growth path.

These results indicate not only the viability of Redjem Studio's business model but also its potential for continued future growth, provided the company continues to innovate and adapt to market needs.

Figure n°2: Evolution of customers for REDJEM Studio



Source: company document

The organization has experienced continuous growth in the number of its clients over the past four years. According to the graph and table, the increase in the number of clients was significantly higher in 2023 compared to the previous year for both types of clients, B2C and B2B.

To be more precise, the following was calculated:

- **Client Growth (Evolution):** The number of clients for the current year minus the number of clients for the previous year.

- **Percentage Change in Client Numbers:** (Client growth / Number of clients in the previous year) x 100.

These metrics help quantify the expansion of the client base and assess the growth rate over time.

Table n°1: Investment/turnover ratio for REDJEM Studio

	2023	2022
Investments	4.000.000 DA	1.500.000 DA
CA	15.000.000 DA	9.700.000 DA
Ratio of investments to CA	%26.7	%15.5

Source: Developed by researchers based on organization documents

Analyzing the table, it is observed that investments in 2022 reached 1,500,000 DA, primarily allocated to printing and photographic equipment. In 2023, these investments significantly increased to 4,000,000 DA, an increase of 2,500,000 DA, and were dedicated to advertising display equipment and the renewal of computer hardware.

In Table number (01), the investment-to-revenue ratio was calculated using the following formula:

• **Investment-to-Revenue Ratio = (Amount of Investments / Revenue) × 100%**

This ratio indicates the proportion of investments relative to annual revenue. It is useful for assessing whether investments are significant or minor relative to the scale of the company's operations and income. In 2022, the investment ratio of 15.5% relative to revenue was reasonable and balanced. In 2023, this ratio increased significantly to 26.7%, a much higher rate, primarily due to a substantial increase in investments of 2,500,000 DA.

Table n°2: Evolution of REDJEM Studio staff.

	2023	2022	2021
staff evolution	18	10	5
Change in workforce	8	5	/
Rate of change	%80	%100	/

Source: Developed by researchers based on organization documents

A continuous growth was observed in the number of employees over the past three years. In 2021, the company had only 5 employees. This number increased to 10 employees in 2022, representing a 100% increase compared to the previous year. In 2023, the company continued its expansion, reaching a workforce of 18 employees, an 80% increase compared to 2022. It is important to note that the growth rate in the number of employees slightly slowed in 2023 (80%) compared to 2022 (100%).

V/ Perspective about start-ups in Algeria

Although the number of startups in Algeria is increasing, it remains low compared to other countries. According to one ranking, the United States and India have 76,294 and 16,249 startups respectively, while Algeria ranks 61st with 132 startups. The top Algerian startup is

Yassir, ranked 2040th in the world. More than 17,000 students use the Siamois QCM platform to prepare for medical exams. Other notable Algerian startups include Global Opportunities and Batolis. These companies have growth potential and the authorities are supporting their development.

Hopeing that the economy will experience prosperous years thanks to these startups because startups play an essential role in economic development and in combating unemployment by creating jobs, particularly for young people. Thanks to their dynamism and ability to adapt quickly to market changes, they hire diverse talents, often in innovative sectors. This helps reduce unemployment, especially among graduates.

Conclusion

The research study attempted to provide some definitions of what startups are. Through the analysis of the Algerian case, it can be concluded that despite the increase in initiatives to create startups in Algeria in recent years, the critical mass of startups needed to significantly contribute to national economic growth has not yet been reached. This is due to the challenges faced by young entrepreneurs.

As with any research, this modest work is not without its limitations, but it also offers numerous avenues for future research. It would be valuable to complement this study with an analysis of the startup landscape. Additionally, obtaining data on these companies to assess the efficiency of the ecosystems established for their development would be of great benefit.

Nevertheless, startup projects remain a true catalyst for economic growth. This reality has been proven by numerous startup experiences worldwide. Also, working in a startup provides unique experiences that develop technical and entrepreneurial skills. These skills are essential for the personal development of employees and for strengthening the local economy. It allows developing new ideas, technologies, and business models, which stimulate innovation in the economy. These innovations diversify sources of income and reduce dependence on traditional sectors, especially in transitioning economies. It contributes to modernizing traditional sectors (such as agriculture, energy, or education) by offering technological solutions and increasing their efficiency.

Furthermore, Startups attract local and foreign investors, injecting capital into the economy. These investments support business expansion and create economic opportunities, thereby strengthening overall growth.

Entrepreneurship in Algeria is in full development thanks to measures taken by the authorities, which will further stimulate the country's economy through innovation and the creation of viable and sustainable businesses.

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