

The Role of Business Accelerators in Supporting and Developing Startups: A Case Study of Algeria

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Abstract: The current study seeks to understand the nature of startups, their characteristics, stages, and importance, in addition to shedding light on the nature of business accelerators and their role in supporting and developing startups in Algeria. Given the significant importance of accelerators for startups and market leaders, they are considered the most important pillars of Algeria's economic plans at the current stage. Therefore, public authorities are seeking to strengthen their legal framework and bolster their ecosystem. Our current study finds that business accelerators play a fundamental role in promoting, supporting, and developing startups in Algeria.

Keywords: Startups; Business Incubators; Business Accelerators; Algeria.

1. Introduction

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The development, support, and advancement of startups have occupied a significant attention from economic policymakers worldwide owing to the crucial role these enterprises play in economic growth, job creation, and other intended goals behind these leading works. However, startups often struggle to achieve these objectives because of their limited experience in exploring how to develop and upgrade startups and support their performance. Thus, the need for complementary mechanisms, such as business accelerators, has emerged as a vital factor in fostering startup success.

Given the crucial role that business accelerators play in increasing investment opportunities for startups and ensuring their success and sustainability, their adoption has become significantly important within the entrepreneurial ecosystem. In recent years, the role of business accelerators has expanded as they serve as regulators and organizers for startup ventures, which often struggle in the absence of structured and strategic planning. Like other nations, Algeria has embraced this development to support emerging enterprises. To this end, the government has issued several decrees, including Executive Decree No. 20-254, dated September 15, 2020, which establishes a national committee for granting the labels "Startup," "Innovative Project," and "Business Incubator," while defining its functions, composition, and operational framework. Additionally, Executive Decree No. 20-356, dated November 30, 2020, establishes an institution responsible for promoting and managing

startup support structures, detailing its mission, organization, and governance.

1.1. Research Problematic

Algeria has sought to establish a highly conducive environment for fostering entrepreneurship, aligning with 2030 Vision. This initiative is driven by the aim of constructing a diversified economic structure that does not primarily rely on oil and its derivatives for national income generation and investment attraction. Instead, Algeria has actively enhanced the role of entrepreneurs and startups in economic development. Based on this premise, the main research problem raised in this study can be formulated as follows:

What role do business accelerators play in providing investment opportunities for startups?

From this main question, several sub-questions arise:

- What are startups?
- What is the concept of business accelerators?
- What are the key national efforts to enhance the role of business accelerators in advancing startups?

1.2. Study Hypotheses

To answer the research problem and its related questions, we have formulated the following hypotheses:

- Startups are one of the most significant developmental alternatives available to countries' economies.
- The success of business accelerators depends on the effective implementation in creating a highly convenient environment for promoting entrepreneurship.
- The engagement of startups with business accelerators enhances investment opportunities and increases returns.

1.3. Study Objectives

This study aims to achieve the following objectives:

- Understanding the concept of startups.
- Shedding light on the nature of business accelerators.
- Examining key national efforts to strengthen the role of business accelerators in advancing startups.

1.4. Research Methodology

To comprehensively address the various aspects of the topic and respond to the research problem, we adopted the descriptive approach, which was applied in the theoretical analysis of startups and business accelerators, as well as the recurring concepts related to them. Meanwhile, the analytical approach is employed in the examination of the current state of business accelerators in Algeria.

2. Theoretical framework

2.1. The Nature of Startups

2.1.1. The Concept of Startups: Startups represent a relatively modern economic concept that is gaining increasing momentum in Algeria and all around the world due to their pivotal role in driving innovation, generating employment opportunities, and fostering economic diversification. Several notable definitions have been proposed to describe startups:

- Startups are enterprises established in a way that enables them to develop innovative

products within an environment characterized by uncertainty. (Ismail & Haraoubia, 2021, p. 442)

- Startups are temporary organizations structured around a business model that ensures profitability and is characterized by growth potential (Haddad, belaid, & Haddad, 2022), enabling continuous development (Mebtouche, 2022, p. 114) and rapid expansion within this framework (Okba & Guessouri, 2021, p. 178)
- A startup is a human-centered entity that aims to develop new products through a business model characterized by scalability, risk tolerance, and iterative adaptability. (Ayad, 2022: 160)
- A startup is a small-scale creative project aimed at achieving innovation in offered products; however, it encounters a significant range of risks (Atmania and Belabed, 2020: P360)
- Startups are enterprises founded on an innovative entrepreneurial idea, characterized by rapid growth and prosperity, making them an effective means of investment. Additionally, they typically have fewer employees compared to other types of businesses. (Bendjima, and Wali, 2020: PP 521-522) .

Based on the previous definitions, startups can be defined as enterprises that possess creative and innovative ideas, seeking to implement them in reality and design solutions to address specific problems. They are distinguished by their rapid and continuous growth.

The Algerian Self-Entrepreneur Law No. 22-23, issued on December 18, 2022, was established to facilitate the creation of enterprises, emphasizing their importance in driving local development. Despite the relatively recent emergence of the startup concept in Algeria, statistics indicate a significant increase in the number of these enterprises, particularly in the fields of information and communication technology (ICT), renewable energy, and smart agriculture. According to a report issued by the Algerian Ministry of Knowledge Economy, Startups, and Microenterprises in 2023, more than 8,000 startups have been registered in Algeria, this reflects the growing interest in entrepreneurship and innovation within the country. However, these enterprises face substantial challenges that require supportive intervention from various stakeholders, including business accelerators.

2.1.2.Characteristics of Startups : Startups possess several core characteristics distinguishing them from traditional firms and influencing their operational trajectory: (Blank & Dorf, 2013, pp. 32- 35)

- Innovation and solution-orientation: They intensely focus on novel solutions to existing problems or unmet market needs—whether in products, services, business models, or operational processes. This environment entails high risk and uncertainty, demanding exceptional flexibility and rapid adaptation to market shifts: (Blank & Dorf, 2013, pp. 32- 35)
- Flexible organizational structure: In contrast to hierarchical corporations, startups use nimble structures enabling swift, efficient decision-making and fostering direct team communication.
- Technology reliance: Startups leverage cutting-edge tools and technologies for product and service development, process optimization, and customer engagement, which allow them to compete with resource-rich incumbents.

2.1.3.Startups Development Stages : Like other organizations, startups undergo developmental stages; but, these stages vary depending on the specific characteristics of each enterprise. The evolution of emerging enterprises can be categorized into six primary phases:

A. First: Pre-launch phase; In this initial phase, the startup idea is presented as an innovative concept. Accordingly, a feasibility study is conducted, and funding sources

are explored. Typically, financing at this phase is self-funded, but there is a possibility of governmental assistance (Zinat, 2022: P209)

- B. Second : Launch Phase: It is characterized by the introduction of startups of the first generation of products. These products are unfamiliar to the market and require huge marketing and promotional efforts. Moreover, they can cost a little more expensive due to initial production costs. (Den, 2022: P 724)
- C. Third : Peak phase: It marks the climax of startup success, as products gain momentum and startups expand their innovations. Increased competition emerges as more exhibitors enter the market. However, obstacles may arise, potentially causing setbacks (Soudani and Makroud, 2022: P33)
- D. Fourth : Valley Phase: During this phase, products begin to decline in market presence, entering what is known as the "Death Valley" or "Valley of Sorrow." If corrective actions are not taken, products risk being phased out of the market entirely. (Hamrouche, 2022: P140)
- E. Fifth: Climb Phase: This phase involves refining products, leading to a revival of the startup's market presence. The second generation of products is launched, accompanied by strategic pricing adjustments and expanded promotional campaigns. (Aicha and Zerouat, 2022: P330)
- F. Sixth: Maturity Phase: At this final phase, startups achieve stability and sustainability. Their products become well-recognized, and operations are optimized for long-term growth. Continuous innovation ensures adaptability to market trends, securing the startup's position in the industry. (Bouchaour, 2018: P422)

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2.1.4. Importance of Startups: Startups play a significant role at the individual, organizational, and national levels. Their importance is reflected in the following aspects:

- Contributing in Combating Unemployment by creating job opportunities, particularly for young professionals.
- Developing Human Resource Skills
- Strengthening and Diversifying the Local Economy: Startups help stimulate economic growth and introduce diversification. (Bousih, 2020, pp. 406–407)
- Encouraging Students to Implement Innovative Ideas and concepts to reality.
- Increasing Productivity: Startups boost the production of goods and services, enhancing competitive market values.
- Supporting Large Enterprises: They supply intermediary products, facilitating the operations of major corporations.
- Redistributing Income and Attracting Investments: Startups encourage capital flow, drawing domestic and foreign investments to strengthen market stability. (Benali, 2022, pp. 611–612)

2.1.5. Challenges Facing Startups : Startups face a set of key challenges among which:

- Regulatory Challenges: These relate to the complexities of laws, regulations, and policies governing cost determination and business environments. Securing necessary licenses is often a difficult and intricate process.
- Human Resource Challenges: Many startup founders lack experience in management and marketing, which significantly impacts their ability to lead their businesses successfully.
- Financial Challenges: Accessing adequate funding is a decisive factor in a startup's success or failure. Proper financing helps startups navigate the challenging early stages

of growth and expansion. It is important to note that the law No. 22/11, of May 11, 2022, regarding auto-entrepreneurs in Algeria, aims to facilitate the establishment of startups by providing a supportive legal and regulatory framework. It simplifies administrative procedures and reduces taxes and fees. Additionally, statistics from ANSEJ (the National Agency for Youth Employment Support) indicate that over 70% of Algerian startups rely on self-funding or bank loans, highlighting the importance of developing innovative and alternative financing mechanisms. (Lerner & Gompers, 2001, pp. 1- 17)

2.1.6. Algeria's Efforts to Support Startups: Startups occupy a central role in Algeria's vision for economic diversification and innovation. This commitment is reflected in a series of governmental initiatives and legislative measures aimed at fostering a supportive environment for their growth and prosperity. Algeria's efforts to support startups include :

- The Algerian Startup Financing Fund, established under Executive Decree No. 22/157 on April 26, 2022, serves as a central mechanism in Algeria's entrepreneurship support framework. Its primary objective is to provide financial resources for startups at various stages of their development, ranging from the initial concept phase to expansion and growth. The fund operates on a risk-sharing and return-sharing principle, fostering strategic partnerships between entrepreneurs and investors. By doing so, it aims to advance sustainable development goals and create new job opportunities. Primary statistics indicate a significant increase in the number of startups benefiting from the fund, with over 500 startups receiving financing by the end of 2023, amounting to more than 10 billion Algerian dinars. This underscores the fund's growing role in stimulating innovation and enhancing national economic competitiveness. Recent studies emphasize the importance of such governmental initiatives in addressing the funding gap faced by startups in Algeria, highlighting their impact on entrepreneurial sustainability and economic progress. (Zahra, 2005, pp. 23- 25)
- Tax Exemptions for Startups in Algeria : Tax exemptions form a cornerstone of the government's startup support framework in Algeria, aiming to reduce financial burdens during the early stages of business development. This allows startups to allocate resources toward expansion and innovation. The effectiveness of these exemptions lies in their ability to stimulate entrepreneurship, attract investments, and generate employment opportunities, ultimately contributing to overall economic growth. Tax exemptions for startups were formalized under the Supplementary Finance Law of 2020 and Executive Decree No. 21/84, of February 18, 2021. These regulations define the conditions and procedures for benefiting from tax exemption, including:
 - Corporate Tax Exemption: Startups are exempt from corporate tax for four years, renewable for one additional year upon meeting certain criteria.
 - Value-Added Tax (VAT) Exemption: Certain transactions are exempt from VAT to ease financial strain.

However, the 2022 report from the National Economic and Social Council indicates that only 45% of startups successfully benefit from these exemptions. This limited adoption is attributed to: Complex administrative procedures, Lack of awareness among entrepreneurs, Ambiguities in specific legal provisions, Additionally, a 2023 report by the Organization for Economic Co-operation and Development (OECD) highlights that countries implementing simplified and transparent tax exemption policies experience 15–20% faster growth in their startup sector.

- Business Incubators:

Business incubators serve as a fundamental pillar in the modern entrepreneurial ecosystem, providing a comprehensive support environment for startups in their early stages. These incubators offer access to: Funding opportunities, Guidance and mentorship from industry experts, Specialized training programs, Shared office spaces, Networking opportunities with potential investors and strategic partners.

The primary objective of business incubators is to accelerate startup growth and reduce failure rates by equipping startups with essential resources and tools. Research suggests that startups affiliated with incubators experience faster revenue growth compared to those operating independently (Cohen & Hochberg, 2014, pp. 1- 16).

According to statistics from Algeria's Ministry of Knowledge Economy, Startups, and Microenterprises (2023), the country has around 70 accredited incubators, mostly concentrated in major cities. Despite their vital role, incubators face key challenges, including: Limited access to adequate funding, difficulty in attracting highly qualified professionals and lack of specialized services which cover the startups' needs in different sectors.

- Business Accelerators

Business accelerators function as advanced incubators designed to expedite the growth of startups by offering intensive programs that integrate mentorship, training, and strategic guidance. Additionally, they provide access to extensive networking opportunities and valuable funding prospects. Over the years, business accelerators have gained increasing global recognition, becoming a fundamental mechanism for fostering innovation and strengthening the competitiveness of small and medium-sized enterprises (SMEs). Startups that result from accelerator programs typically experience an average revenue increase of 25% within the first year post-graduation. Moreover, their chances of securing investment funding rise by 30% compared to similar startups that have not participated in such programs. In Algeria, the significance of business accelerators is particularly pronounced in light of the government's efforts toward economic diversification and entrepreneurship promotion. The Algerian government has undertaken various initiatives to cultivate a conducive environment for innovation and support the development of startups. Among these initiatives is the backing of business accelerator establishments and expansions, aimed at fostering a dynamic entrepreneurial landscape and encouraging technological advancements within the national economy. (Cohen & Hochberg, 2014, pp. 1- 16)

- The First African Startup Conference

The First African Startup Conference represents a pivotal event in the context of strengthening Algeria's entrepreneurial field. It aims to provide an interactive platform that brings together entrepreneurs, investors, policymakers, and experts from across the African continent to exchange experiences, explore investment opportunities, and overcome challenges faced by startups. According to statistics from the National Agency for Entrepreneurship Support and Development, the number of registered startups in Algeria has increased by 45% over the past two years; this reflects the growing dynamism of this sector. The significance of the First African Startup Conference lies in its role as a gateway for integrating Algeria's entrepreneurial system with regional and international networks, fostering collaboration between Algerian startups and their African counterparts.

Through workshops, seminars, and exhibitions accompanying the conference, participants will have the opportunity to learn about best practices in entrepreneurship, acquire new skills, and build strategic partnerships. Additionally, the event serves to highlight investment opportunities available in Algeria and attract foreign capital to support the growth of local startups. Aligned with the African Union's Vision 2063, which seeks to achieve economic integration and sustainable development across the continent, the conference reinforces Algeria's commitment to fostering innovation and entrepreneurship. A report by the Organization for Economic Cooperation and Development on "Entrepreneurship in Africa" emphasizes that supporting startups plays a crucial role in job creation, fostering innovation, and enhancing the competitiveness of African economies. (OECD, 2019)

We note that Algeria is ranked 12th among African nations in the Entrepreneurship Readiness Index, reflecting progress made in this domain. However, further efforts are needed to strengthen the entrepreneurial ecosystem and empower startups to realize their full

potential (Gem, 2022).

2.2. The nature of Business Accelerators

2.2.1. *The Concept of Business Accelerators*: The definition of business accelerators has varied across academic literature. Some of the most notable definitions include:

- Business accelerators are time-bound programs designed to support startups in enhancing their chances of success during their early development stages. These programs provide a range of services and guidance from specialized experts and facilitate investment opportunities by connecting startups with venture capitalists. (Fatih, 2021, p. 159)
- Business accelerators represent a modern approach to startup incubation. Their primary goal is to help startups achieve success in the initial phases of business development by offering the necessary support services. (Hoffman & Kelley, 2012, pp. 54- 70)
- Business accelerators function as legal entities responsible for fostering the growth of startups that have moved beyond the incubation stage. They provide assistance to more mature enterprises that already possess a market-ready or nearly market-ready product or service. (Fernandes, 2017)

Based on these definitions, business accelerators can be defined as entities—either private or government-affiliated—that aim to enhance startup performance and financial returns. They also ensure sustainability and accelerate growth to the maximum extent possible by offering a variety of advisory and support services, whether paid or free.

2.2.2. *The Operational Mechanism of Business Accelerators*: Business accelerators function through a structured mechanism composed of several distinct stages that startups must navigate, beginning with the application for admission and culminating in graduation from the accelerator program. These stages include: (Farajallah, Wahiba, & Mourad, 2020, pp. 393–394).

- **Candidate Selection Process**: According to business founders, one of the key criteria for selecting participants in the accelerator program’s training camp is the accelerator’s ability to make a meaningful impact on the startup. Therefore, founders must demonstrate strong leadership skills and a willingness to adapt their business concepts as needed. Additionally, the core idea behind their business should address a real-world problem in an innovative manner. Though business models and technical expertise are considered important factors, they are not the primary determinants in selecting candidates for the training camp.
- **Application Screening**: Each business accelerator employs a unique screening process and selection criteria. These programs prioritize ideas that align with their mission and can add significant value. As a result, some promising startup ideas may be rejected if the accelerator believes it cannot effectively support the founders in their vision. Moreover, accelerators often focus on specific industries or thematic areas. If a business concept does not fit within their program, it is generally not funded. Typically, accelerators do not invest in restaurants, basic service businesses, or highly localized enterprises. Instead, they seek ventures capable of driving transformative change or generating substantial growth at the local or international level.
- **Initial Funding**: Startups participating in an accelerator program receive a fixed investment at the outset, known as seed capital or initial funding, which can amount to up to \$50,000 per startup. This investment is typically structured as either a convertible note or an equity stake, generally ranging between 6% and 10%.
- **Cohort-Based Operation**: A distinguishing feature of time-limited business accelerators is their structured entry and exit process, where startups progress in synchronized groups referred to as cohorts or batches. Experience has demonstrated that commencing the

program simultaneously fosters strong, unconventional connections among participants. On average, founding teams in startups consist of approximately three members. This team size is optimized to handle the intense workload associated with running a startup and managing the rigorous demands of the accelerator program. Larger teams, while potentially beneficial in some aspects, often become financially unviable due to the high costs of investing in startups.

- **Fixed Duration:** Each cohort of startups participates in the accelerator program for a predetermined period, typically ranging from three to six months. The rationale behind this limited and structured timeframe is rooted in the nature of contemporary information and communication technology (ICT) companies, which require a short market entry period. The accelerator program's efficiency is maximized under high-pressure conditions, ensuring startups rapidly develop and refine their business models.
- **Intensive Mentorship Programs:** Most business accelerators provide an intensive mentorship program designed to offer hands-on support in product development and business operations. This presents startups with a valuable opportunity to build long-term relationships with mentors, who are often experienced entrepreneurs with industry-specific expertise. The quality and scale of an accelerator's mentorship network serve as an essential indicator of its value for startups selecting a program. While mentorship is widely recognized as a key aspect of accelerator programs, its implementation varies significantly. Some accelerators schedule meetings with up to 75 different mentors within the first month, while others structure these sessions on an as-needed basis or simply provide entrepreneurs with a curated list of selected mentors. Engaging with four to five mentors daily over the span of a month offers startups a unique opportunity to expand their professional network and explore alternative business strategies.
- **Networking Services:** One of the primary objectives of networking events in business accelerators is to provide startups with opportunities to secure additional funding from private investors. Accelerators consistently offer access to desirable networking meetings, industry-related conferences, and guest speakers. Among the most commonly recognized benefits of accelerators is networking itself, which is regarded as a critical value proposition by all accelerators. The mentoring and networking opportunities provided to startups significantly enhance their chances of obtaining subsequent funding rounds and receiving additional support from mentors even after the training camp concludes. Networking events help connect startups with external stakeholders, such as potential investors, clients, and established companies, as well as internal networks with fellow entrepreneurs. Accelerators facilitate both internal and external networking opportunities through a variety of events, including Demo Day, a valuable occasion designed to introduce emerging startups to high-quality investor and client groups.
- **Demo Day:** In many cases, accelerators organize a Demo Day, during which local investors are invited to observe the progress and final presentations of participating startups. This event serves as an invaluable opportunity for startups to receive relevant feedback and establish connections with potential investors who may provide future funding. Most accelerators host a Demo Day at the conclusion of their programs, where startups showcase their products, articulate their business models, and outline their revenue sources before venture capitalists and angel investors. These events typically attract hundreds of potential investors, making them an effective means for startups to secure additional funding rounds upon graduation from the accelerator program.

2.3. The State of Business Accelerators in Algeria

The state of business accelerators in Algeria represents a cornerstone for assessing their capacity to support and develop startups, a matter of particular significance given the country's ongoing efforts to diversify its economy and promote entrepreneurship. This reality presents a mixed picture: while promising initiatives and emerging accelerators strive to provide necessary support to ambitious young entrepreneurs, they face substantial

challenges that hinder their growth and competitiveness. One of the primary obstacles is the lack of specialized expertise in acceleration programs, as many mentors and advisors lack hands-on experience in founding and managing successful startups on a large scale. Additionally, the financial resources available to both accelerators and startups remain limited relative to actual needs, forcing many promising ventures to seek external funding sources or cease operations altogether. Furthermore, the Algerian entrepreneurship ecosystem suffers from weaknesses in digital infrastructure and administrative and legal complexities that restrict the ease of startup establishment and expansion. According to a report by the Ministry of Knowledge Economy and Startups (2023), 65% of Algerian startups struggle to secure funding, 78% face administrative complications, and 52% consider the digital infrastructure insufficient to support their business growth. Despite the issuance of the Executive Decree No. 22/323 on September 22, 2022, aimed at regulating accelerators and defining their functions, its practical implementation continues to face obstacles, particularly in terms of accreditation criteria and financial support availability. Addressing these challenges requires coordinated efforts among the public sector, private sector, and civil society to remove barriers and foster a conducive environment for accelerators to thrive and effectively support Algerian startups.

On the other hand, accelerators play a crucial role as intermediaries between startups and investors by providing technical, marketing, and financial support to refine business models and scale operations. In recent years, Algeria has witnessed the emergence of several sector-specific accelerators, particularly in information and communication technology (ICT), renewable energy, and smart agriculture, reflecting a growing awareness of their importance in fostering innovation and economic diversification. However, the effectiveness of these accelerators varies significantly—some struggle with shortages of qualified human resources and specialized training programs, while others lack strong networks with investors and major corporations.

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2.3.1. Mapping the Number and Geographic Distribution of Business Accelerators in Algeria: Algeria's entrepreneurship ecosystem has witnessed significant growth, driven by government policies that support startups and the increasing interest of Algerian youth in launching their own ventures. Business accelerators, given their vital role in providing support, training, and guidance, constitute a fundamental pillar of this expansion.

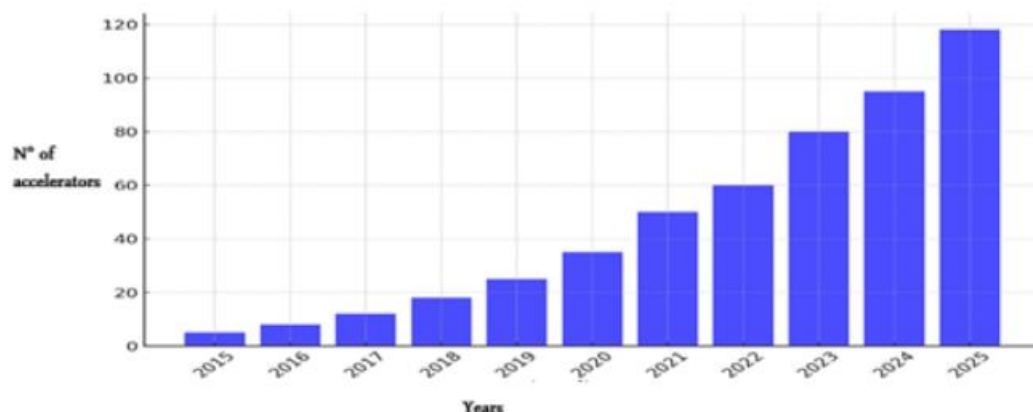
The issuance of Executive Decree No. 21-84 on February 18, 2021, which outlines the conditions and mechanisms for establishing business incubators and defines their functions, has contributed to the regulation and legal structuring of these institutions. As a result, more accelerators have been launched. However, one of the main challenges remains achieving a balanced geographic distribution of accelerators to ensure equal access to resources and opportunities for entrepreneurs across Algeria, particularly in remote and rural areas.

Additionally, there is a pressing need to develop specialized programs that cater to the priorities of the Algerian economy, such as agriculture, tourism, and renewable energy, aligning with national economic directives. Addressing these concerns effectively requires strategic efforts from both public and private sectors, as well as civil society, to foster an environment that empowers business accelerators and enhances their role in supporting startups nationwide. (Algerian News Agency, 2021)

Understanding the geographic distribution of business accelerators in Algeria requires a comprehensive analysis of the factors influencing their concentration in specific regions. For instance, the proximity of universities and research centers plays a crucial role in attracting accelerators, as these institutions provide a nurturing environment for innovative ideas and supply accelerators with qualified young talent. Another decisive factor is the availability of funding and investments, as accelerators tend to cluster in regions where access to diverse financing sources—whether from the public or private sector—is more readily available. Statistics indicate that approximately 75% of business accelerators in Algeria are concentrated in coastal provinces, whereas their presence in interior and southern provinces

remains significantly limited. This disparity is attributed to multiple factors, including weak infrastructure, limited awareness of entrepreneurship's importance, and difficulties in securing funding. These challenges continue to shape the unequal spatial distribution of accelerators. (Abdeljalil (2022/2023, pp. 83–94) Figure 01 illustrates the evolution of the number of business accelerators in Algeria over the period 2015–2025.

Fig. 1. the evolution of business accelerators in Algeria between 2015 and 2025



Source: Prepared by the researcher based on data from the Algerian Fund for Startup Financing 2023

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2.3.2. The Impact of Accelerators on Startup Growth: The different funding stages represent the evolution of startups in their journey toward stability and growth: In stage One, startups seek external funding to support their initial operations and product development, laying the groundwork for future expansion.

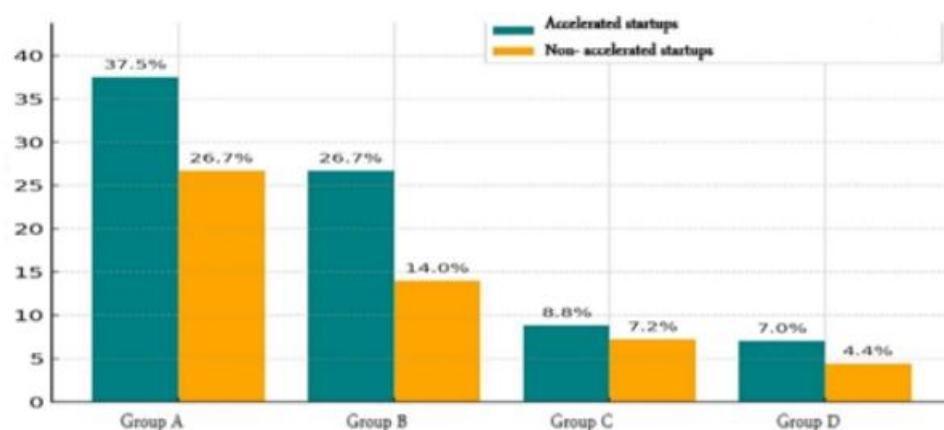
In stage Two, businesses focus on market share expansion and infrastructure improvement, leveraging early successes.

In stage Three, the primary goal shifts to entry into new markets or acquiring other companies to enhance growth potential.

In stage Four, Investments are typically utilized to support advanced expansion strategies or prepare for initial public offerings (IPOs) in financial markets. (Taher 2021/2022: PP 31-35)

Figure 02 illustrates the differences between accelerated and non-accelerated startups,

Fig. 2. The difference between accelerated and non-accelerated startups



Source: Prepared by the researcher based on data from the Algerian Investment Promotion Agency

The statistics extracted from Figure 02 highlight a significant gap in success rates between accelerated and non-accelerated startups across different funding stages:

- In Stage One, Accelerated startups had a success rate of 37.5%, compared to only 26.7% for non-accelerated startups. This demonstrates that early-stage intensive support substantially enhances startups' survival and stability. (Teleli, 2022, pp. 11–12)
- In Stage Two, The success rates dropped to 26.7% for accelerated startups and 14% for non-accelerated ones. This suggests that the impact of accelerators persists beyond the incubation period, making supported startups more capable of attracting investors and scaling their operations.
- In stage Three, While the gap narrowed, however, accelerated startups still maintained an advantage, with a success rate of 8.8% compared to 7.2% for non-accelerated startups. This reflects how accelerator influence diminishes as market challenges increase.
- In stage Four, the disparity continued, with accelerated startups achieving a success rate of 7% versus 4.4% for non-accelerated ones. This reinforces the idea that startups benefiting from accelerator programs remain resilient even in advanced funding stages. (أم الخير، 2023، صفحة 63)

This gap can be explained by several fundamental factors, primarily the financial and knowledge-based support that business accelerators provide. Accelerated startups gain access to major investors, strategic networks, and specialized guidance, all of which significantly enhance their chances of success. Moreover, these companies exhibit greater market adaptability and an enhanced capacity to secure additional funding, thanks to the intensive training they receive during the incubation period.

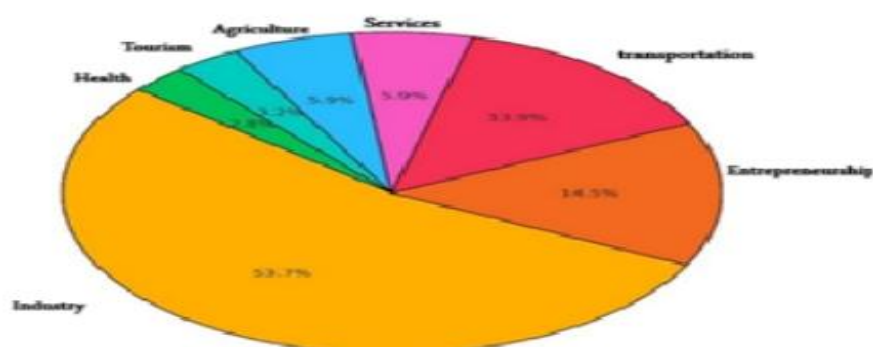
In contrast, non-accelerated startups face greater challenges in accessing financing due to limited experience and weaker institutional connections, which diminishes their chances of success as they transition to advanced funding stages. (Bouzana & Hamdouch, 2023, p. 61)

2.3.3. Statistical Analysis of Sectors Targeted by Business Accelerators: Figure 03 illustrates the diverse range of sectors targeted by business accelerators in Algeria, with a notable focus on technology, agriculture, and industry. Among 1,605 registered investment projects recorded by the Algerian Investment Promotion Agency between November 2022 and March 2023, the industrial sector ranked first, with 862 projects, followed by construction and public works with 233 projects, transportation with 223 projects, Services with 95 projects, agriculture, fisheries, and aquaculture with 95 projects, tourism with 52 projects and health with 45 projects.

In addition, the public accelerator "Algeria Venture" launched a specialized acceleration program benefiting 15 startups operating in the green economy. These startups focus on fields such as renewable energy, sustainable agriculture, energy efficiency, and waste management.

These figures reflect the increasing interest of business accelerators in Algeria in technology, industry, and agriculture, given their significant potential for sustainable economic growth and job creation. (*Algerian News Agency, 2023*)

Fig. 3. Sectors Targeted by Business Accelerators in Algeria



Source: Prepared by the researcher based on data from the Algerian News Agency

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2.3.4. The Role of Government and Private Sector in Supporting Business Accelerators: Figure 04 illustrates the evolution of investment in business accelerators in Algeria from 2015 to 2025, reflecting a growing governmental and private sector interest in strengthening the entrepreneurial ecosystem.

In 2015, investment in accelerators was relatively modest, with an average amount of 0.2 billion Algerian dinars, indicating an initial but limited support for the sector.

By 2018, investment had grown to 0.6 billion dinars, which demonstrates an increased attention toward accelerators as a mechanism for fostering innovation and economic development.

2020 marked a turning point, with investment reaching 1.2 billion dinars, largely due to the establishment of the Algerian Startup Financing Fund in October 2020, aimed to support startup growth through financial, strategic, and technical assistance.

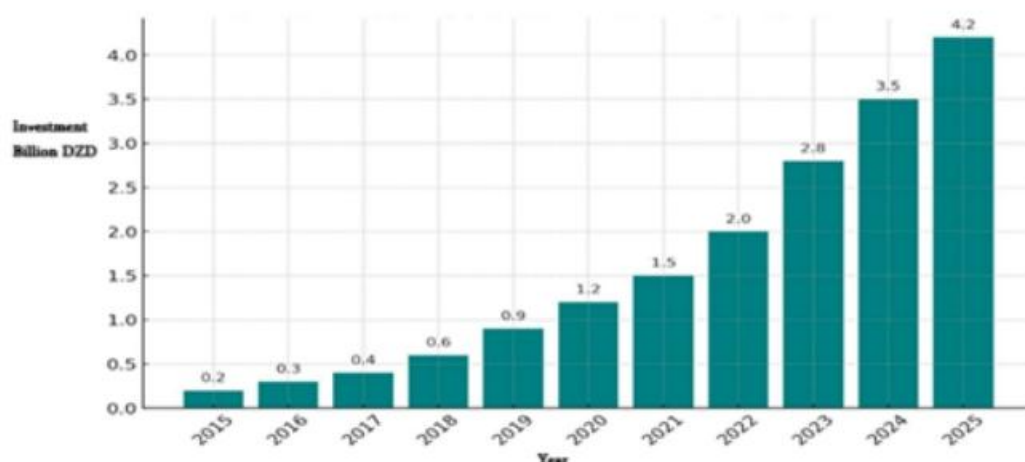
This upward trend continued through 2021 and 2022, surpassing 2 billion dinars, signaling stronger government policies and greater private sector participation in financing accelerator programs.

By 2023, investment surged to 2.8 billion dinars, with ongoing tax incentives and new government initiatives supporting startups.

Looking ahead to 2025, projections estimate investment in accelerators to reach 4.2 billion dinars, reflecting a mature entrepreneurial ecosystem and growing investor awareness of the strategic value of accelerators in fostering competitive startups both locally and globally.

This steady growth is driven by several key factors, including government-backed financial and legislative policies, enhanced private sector involvement in innovative projects, and a clear shift in Algeria's economic strategy toward a knowledge- and innovation-driven model. This evolution strengthens startup prospects, positioning them to tackle market challenges and capitalize on emerging opportunities in technology, industry, and agriculture. (*Algerian Startup Financing Fund, ASF, 2023*)

Fig. 4. Algerian government spending on business accelerators.



Source: Prepared by the researcher based on data from the Algerian Investment Promotion Agency (2023).

4. Conclusion

The analysis presented highlights the critical role of business accelerators in supporting and developing startups. This study has led to several key findings and recommendations:

4.1. Findings

- Business accelerators provide a broad range of services, contributing to an enhanced investment and innovation environment. They serve as an effective mechanism for supporting startups through intensive programs lasting three to six months.
- Algeria's business accelerators possess strong potential to foster entrepreneurship, yet their ecosystem requires further development to create an environment better suited to startups' needs.
- These accelerators play a significant role in strengthening the national economy, especially in economic diversification efforts and the promotion of innovative initiatives.
- Despite existing government programs and initiatives aimed at bolstering entrepreneurship, there remains an urgent need to enhance the supporting infrastructure, improve financing mechanisms, and establish a more flexible regulatory framework to sustain startup growth.

4.2. Recommendations

- There is a need for in-depth studies on the impact of business accelerators on the actual performance of startups in Algeria. Exploring ways to enhance accelerator programs can help maximize their effectiveness, fostering a more dynamic investment climate and supporting sustainable economic growth.
- Developing more sustainable funding programs through partnerships with investment funds and venture capital would enable startups to secure adequate financing beyond the accelerator period.
- Strengthening cooperation between accelerators and local and international investors will facilitate startups' access to diverse funding sources, improving their ability to scale and thrive.

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