

Requirements for the Success of Startups in Algeria: Between Reality and Aspiration**متطلبات نجاح المؤسسات الناشئة في الجزائر: بين الواقع والمأمول****Dr. HADJADJ Mustapha¹, Dr. BOUCHEKIFA Hamid²**

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Received: 27/09/2024**Accepted:** 19/01/2025**Published:** 31/03/2025**Abstract:**

This research paper aims to study the reality of startups in Algeria and the factors that contribute to their success, while highlighting the efforts made by the Algerian authorities to support this sector. The paper seeks to examine the role of startups as a key driver of economic growth, national economic diversification, and reducing unemployment rates. The study adopts a descriptive-analytical approach, collecting data from secondary sources such as government reports, academic articles, and previous studies. The data is analyzed to evaluate the factors that contribute to the success of startups in Algeria, in addition to examining the government policies and measures related to this sector. Finally, the most important findings show that startups play a vital role in stimulating economic growth and diversifying the economy. Furthermore, innovation, creativity, and increased productivity are essential components for the success of startups in Algeria.

Keywords: Startups, Innovation, Startup life cycle, Startup success, Algeria.

JEL Classification Codes: M13,O31,L25,D22,P25.

ملخص:

تهدف هذه الورقة البحثية إلى دراسة واقع المؤسسات الناشئة في الجزائر، والعوامل التي تسهم في نجاحها، مع تسليط الضوء على الجهود التي تبذلها السلطات الجزائرية لدعم هذا القطاع. تهدف الورقة إلى استعراض دور المؤسسات الناشئة كمحرك رئيسي للنمو الاقتصادي، وتنويع الاقتصاد الوطني، وتقليل معدلات البطالة. كما تعتمد الدراسة على منهج وصفي تحليلي يقوم بجمع البيانات من مصادر ثانوية مثل التقارير الحكومية، والمقالات العلمية، والدراسات السابقة. كما يتم تحليل هذه البيانات لتقييم العوامل التي تسهم في نجاح المؤسسات الناشئة في الجزائر، بالإضافة إلى دراسة السياسات والإجراءات الحكومية المتعلقة بهذا القطاع. وفي الأخير توصلنا للأهم النتائج، حيث أن المؤسسات الناشئة تلعب دوراً حيوياً في تحفيز النمو الاقتصادي وتنويع الاقتصاد، كذلك الابتكار والإبداع وزيادة الإنتاجية تعد من المقومات الأساسية لنجاح المؤسسات الناشئة في الجزائر.

كلمات مفتاحية: مؤسسات الناشئة، الابتكار، دورة حياة المؤسسة الناشئة، نجاح المؤسسة الناشئة، الجزائر.

تصنيفات JEL : P25,D22,L25,O31,M13

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INTRODUCTION:

Recently, startups have gained significant attention due to the economic and social benefits they offer. Characterized by innovation and high risk, they open up broad opportunities for economic growth, job creation, and reducing youth unemployment. Startups also drive competitiveness through continuous innovation, product development, and service creation.

Given the growing economic importance of startups worldwide and the need for Algeria to find alternative solutions to boost its national economy, the Algerian state has taken steps to support the development and long-term sustainability of these businesses.

In the face of intense competition and the high risk of stagnation due to a lack of expertise and management inefficiencies, the government has intervened by providing support mechanisms to ensure the success of these ventures, promote innovation, and encourage investment.

Based on the above, the main issue that arises can be summarized in the following research question: **What is the current state of startups in Algeria? What are the key factors for their success ?**

To facilitate the study and translate this issue into a realistic context, the following sub-questions have been raised :

- What is meant by startups ?
- What is the reality and What are the challenges faced by startups in Algeria ?
- What are the requirements for the success of startups in Algeria ?

To comprehensively address the topic and analyze the main issue, the following hypothesis has been proposed : Startups play a positive role in supporting innovation, and their success depends on the individual characteristics of the entrepreneur and their interaction with their environment, including formation, funding, support, and guidance, depending on the nature of the Project.

Importance and Objectives of the Study : This study aims to achieve the following :

- Highlight the theoretical aspects of startups, including concepts and components.
- Examine the reality of startups in Algeria.
- Identify the various factors and requirements for the success of startups.
- Provide results and recommendations to support the establishment and growth of startups.

The Methodology Used in The Study: To complete this research paper, a descriptive-analytical approach was adopted as it is suitable for describing and analyzing the phenomenon under study, which is the reality of startups in Algeria and their success factors.

Previous Studies :

- **Bou Chaour, Sharifa :** "The Role of Business Incubators in Supporting and Developing Startups," University of August 20, 1955, Skikda, Algeria, 2018. This study found that business incubators support projects between the growth phase and the support of new entrepreneurs. However, it noted a lack of pioneering businesses in Algeria and recommended overcoming various obstacles faced by startups, especially in their early stages, and developing educational programs and increasing spending on scientific research.

- **Leila Baouni:** "Support and Guidance Mechanisms for Startups in Algeria," University of Algiers 3, Algeria, March 10, 2022. This study concluded that startups have unique characteristics aimed at reducing the emigration of talents, supporting innovations, and developing support mechanisms through business incubators. It highlighted the need for an appropriate and developed infrastructure for creative idea owners to practice their work.
- **Mafroum Brody:** "Startups in Algeria : Reality and Aspirations," University of Bechar, Algeria, 2021. This study provided several key findings, including that startups are new entities seeking substantial growth through innovative and creative business activities in a short period. It emphasized the importance of the startup ecosystem as a driving force for tomorrow's economy, contributing added value to the national economy and helping young entrepreneurs with creative and innovative projects through supportive funding mechanisms throughout all stages of the startup life cycle.

Study Structure :

- Basic Concepts of Startups ;
- Success and Failure Factors for Startups in Algeria ;
- Promotion and Support for Startups in Algeria .

1. Basics concepts of Startups

Startups are characterized by their ambition for expansion and growth, their dedication to innovation and creativity, and their hope to bring about positive changes in society.

1.1 General Definition of Startups :

To define the concept of a startup, we find that :

- In English, "Start" means to begin, and "Up" indicates strong growth.
- In French, a startup is referred to as "Jeune entreprise innovante," which translates to "young innovative company." This typically involves businesses operating in the technology sector and, in general, a startup is a company that offers an innovative service or new product to a large market, accepting high risks in hopes of achieving substantial profits if successful, relative to its investment size (Mohamed, 2021, p. 725).

According to **Neil Blumenthal**, CEO of **Warby Parker**, a startup is a company focused on solving a problem with uncertain success. The term "startup" is used to describe newly established companies that originate from an entrepreneurial idea with significant potential for rapid growth and prosperity. Startups are founded by an entrepreneur or a group with the aim of developing a unique product or service to launch in the market, depending on its nature. (Mahdia, 2022, p. 194).

The definition of a startup, according to foreign references, is often based on the well-known entrepreneur **Steve Blank**, who defined a startup as a "special form of business." He added that a startup is "a company built to search for a repeatable and scalable business model." (Younes, 2017, p. 15).

In the study by **Al-Azzam and Musa**, the term "entrepreneurial projects" was applied to startups, defining them as : "projects resulting from creative ideas with independent and innovative values, characterized by high initiative and keen insight, enabling individuals to

seize market opportunities to implement their ideas and establish their projects." (Younes, 2017, p. 15).

From this, we can conclude that a startup is any company with an innovative idea that did not previously exist, or a developed version of an earlier idea, aiming to solve a problem or meet individuals' needs. Startups seek rapid growth with a high level of risk, unlike micro, small, and medium-sized enterprises. Alternatively, a startup is a company that transforms creative ideas into a repeatable and scalable business model, aimed at seizing available market opportunities.

1.2 Definition of a Startup According to Algerian Legislation :

The Algerian legislator issued **Executive Decree No. 20-254** on September 15, 2020, related to the establishment of the National Committee for Startup Labels, Innovative Projects, and Incubators, and outlined its duties, composition, and operation. In its fourth chapter, the decree lists the conditions under which a company is granted the startup label. Article 11 states that :

A startup is considered any company subject to Algerian law that meets the following criteria :

- The company must not be older than eight years.
- The startup's business model must be based on innovative products, services, or any other innovative business model or idea.
- The annual turnover must not exceed the amount set by the National Committee.
- At least 50% of the company must be owned by natural persons or accredited investment funds, or by other companies that have received the startup label.
- The company must have significant growth potential.
- The number of employees must not exceed 250.

It is noteworthy that the Algerian legislator did not directly define a startup, but rather outlined the key conditions that must be met for a project to be granted startup status. This approach reflects the legislator's general aim of providing a practical and realistic definition that takes into account specific economic and social realities (Brody, 2020, pp. 347-348).

1.3 Characteristics of Startups

Startups possess a set of key characteristics, including :

- Their ability to innovate and develop new products.
- Entrepreneurial spirit that allows them to establish multiple industrial units.
- The creation of job opportunities and contribution to local development strategies (Ramdhani Marwa, 2021, p. 279).
- Contribution to local development by distributing these businesses across the largest possible geographic area, reducing pressure on major cities.
- Ability to adapt to the external environment and expand into remote areas.
- Flexibility in interacting with the investment climate.
- Use of less complex and less capital-intensive production techniques, relying primarily on simple labor (Salhi Salma, 2021, p. 113).
- Risk Under Extreme Uncertainty (Ben Chouat Soumia, 2021, p. 302).
- Lower costs compared to the profits they generate.
- Rapid and increasing growth in relation to the costs they bear. (Bayezid, 2022, p. 61)

1.4 Conditions for Establishing a Startup :

Today, the world is witnessing rapid developments in technological advancement, innovation, and invention. The economy is greatly influenced by innovation, as it generates significant economic value, guarantees job opportunities, and promotes development and growth. Innovation has become an inevitable necessity to enhance the competitiveness of both businesses and the national economy as a whole. In addition to innovation, other important factors that contribute to the success of startups include the following (Djamila, 2022, pp. 163-165) :

- **Innovation** : The current business environment is characterized by intense competition in areas that adopt innovation-based strategies. Innovation is the company's or institution's ability to create something new that adds greater value and does so faster than competitors in the market. This means that innovation goes beyond just a new idea and focuses on achieving the institution's goals in the market. Startups that lack the ability to innovate will face significant and challenging obstacles, as their competitors continuously innovate and improve their products, services, and processes. Innovation is a top priority for startups in all fields without exception to ensure their survival in the market. Therefore, startups should enter the market with an innovative idea, heavily reliant on technology. This innovation can be in the product, marketing processes, distribution systems, marketing communication, or even the organizational structure.
- **Legal Environment** : Laws and regulations are one of the main sources that create a sustainable environment for the success of institutions. Most legislative measures that stimulate institutional and economic activities in developed economies take the form of simpler and more flexible legislative tools. To grant startups a label, the **National Committee** is responsible for this task, according to Article 2 of **Executive Decree 20-254**, issued on September 15, 2020, which established the National Committee for granting the startup label, innovative project, and business incubator. For this, the startup must comply with the set criteria mentioned earlier.
- **Funding** : Startups are essentially a combination of human, material, and financial resources dedicated to advancing a creative or innovative idea, which may be new or already present in other markets outside the targeted one. Typically, their funding comes from economic operators such as banks, leading institutions, and government-supporting entities. To finance startups, various innovative and diversified financial tools have been introduced to keep up with growth and diversity. These include the **Startup Funding Fund**, financing through the exploitation of intellectual property rights, **venture capital**, and finally **banks**.

1.5 Criteria for Classifying Startups :

Based on the **2005 study by Michael I. Luger and Jun Koo** on startup definitions, the researchers identified three main criteria to describe startups. These criteria help distinguish startups from traditional new enterprises, improve their performance, and enhance the evaluation of their economic and social impact. The criteria are as follows (Brody, 2020, p. 347_348) :

- **Startups are New** : Most studies regarding startups emphasize the word "new" as a primary characteristic. According to Keeble (1976), "new" refers to a completely new

Requirements for the Success of Startups in Algeria: Between Reality and Aspiration

business that did not previously exist in any form. This criterion excludes businesses created through changes in name, ownership, location, or legal status. The establishment date of a new business can be easily determined by referring to commercial records, such as the business registry.

- **Startups are Active :** The researchers also stress the importance of adding the word "active" as a second criterion. For a business to be considered a startup, it should not only be new but also actively engaged in the trade of goods or services. It is essential to exclude inactive or "paper" businesses, which do not employ workers or invest in capital, from the category of startups, particularly for economic development research purposes. Adding "active" as a criterion changes the way the founding date of new startups is determined.
- **Startups are Independent :** New businesses can be created by a single founder or a group of individual founders, but some new businesses are established as branches of existing companies. It is important to distinguish between new businesses founded as branches and those founded by original entrepreneurs, which are more likely to introduce new ideas to a region. Categorizing subsidiaries of parent companies as startups would distort the perception of a startup's needs and performance, as these branches rely on parent company resources, while startups must begin from scratch with limited access to support. This distinction allows for targeting incentives and support specifically for startups founded by entrepreneurs, while existing companies with branches may benefit from other incentive plans aimed at established companies planning growth in specific sectors or regions.

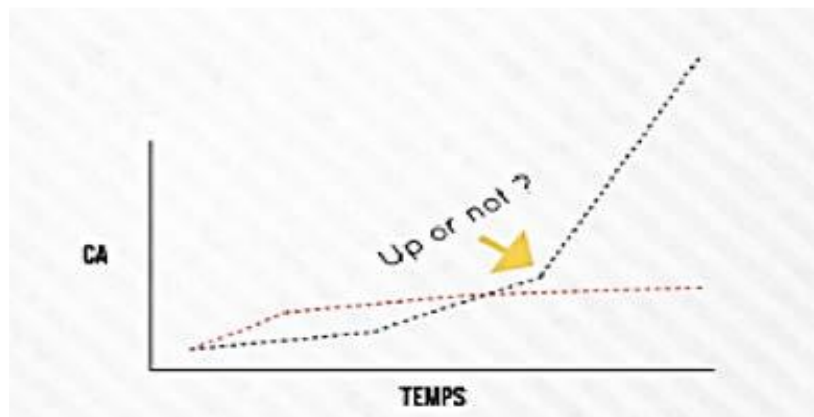
From the above, we can conclude that, to be considered a startup, a business must not only be newly established and active but also independent. Taking all three criteria together, startups can be defined as businesses that :

1. Did not exist during a specific previous period (new) ;
2. Hired at least one paid employee during a specific time period (active) ;
3. Are not subsidiaries or branches of an existing company (independent).

1.6 Difference Between Startups and Other Companies :

Being a startup is a temporary phase. Either the business fails to achieve its business model and consequently dissolves, or it succeeds and transitions into a traditional or classical company. The moment of transition from startup to larger enterprise is marked when the startup's growth (upper stage) decides its future, as illustrated in the following diagram :

Fig (1): The Life Cycle Curve of a Startup and a Classical Company



Source: Bouachaour Cherifa, previously cited reference, p. 422.

The diagram above illustrates the difference between the growth trajectory of a startup and a traditional business. The black line represents the growth path of a startup, while the red line represents that of a traditional business. The key differentiating factor between a startup and a traditional business is the significant growth in startups. The main points of difference can be summarized as follows :

There may be similarities in the cycle of a traditional business, which goes through phases of growth, maturation, and then decline. Meanwhile, startups experience a series of unpredictable setbacks and advances in the phase between launch and growth. Once they reach maturity, they continue to rise and grow, as seen with companies like Twitter and Apple.

Startups typically offer their products to a much larger market compared to traditional businesses.

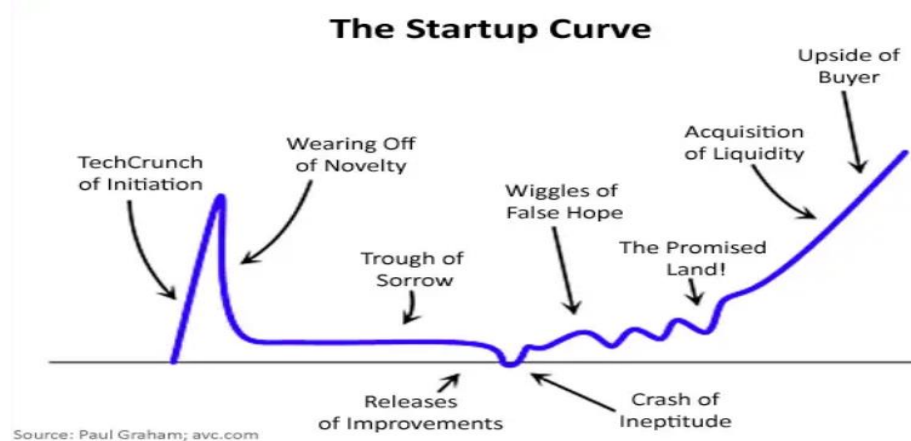
Despite the high risks associated with startups, investors are willing to invest in them, balancing the potential for massive returns if the project succeeds. On the other hand, traditional businesses attract investors to markets where there is less uncertainty, resulting in regular profits.

Additionally, there is a difference in funding sources. Startups rely on angel investors, venture capitalists, or risk capital, as banks are hesitant to finance such high-risk ventures. In contrast, traditional companies obtain funding through bank loans or government grants (Sherifa, 2018, pp. 422-423).

1.7 Life Cycle of Startups :

From the previous definitions of startups, it might seem that what distinguishes startups is their continuous growth. However, in reality, these businesses often struggle, facing difficult stages and severe fluctuations before finding their way to success. This can be illustrated through the following curve, designed by Paul Graham.

Fig (2): Startup Curve



Source: Bouachaour Cherifa, previously cited reference, p. 421.

From the above figure, we can say that startups go through five stages (Sherifa, 2018, pp. 422-423):

- **Stage 1 : Pre-launch phase** – This is when an individual or a group comes up with a prototype of an innovative, new, or even crazy idea. During this stage, extensive research is conducted, studying the idea thoroughly, the market, consumer behavior, and the tastes of the target audience to ensure the feasibility of executing and sustaining it in the future. This stage also involves seeking funding, which is often self-funded initially, with the possibility of receiving government assistance.
- **Stage 2 : Launch phase** – At this point, the first version of the product or service is introduced, but it's generally unknown. The most challenging aspect during this phase is finding financial backing. Entrepreneurs usually turn to the concept of **FFF** (Friends, Family, and Fools). Often, friends and family are the primary sources of funding, or they may find "fools" who are willing to gamble their money, especially in the early stages where risk is high. The product also requires extensive promotion and media coverage, and it tends to be priced higher initially.
- **Stage 3 : Early growth phase** – In this phase, the product reaches its peak, and there is a lot of excitement. The business may expand beyond its initial creators. However, negative pressure can begin to arise as the number of competitors offering similar products increases, leading to challenges that may push the curve downward.
- **Stage 4 : The Valley of Death** – Despite continued funding from venture capitalists, the business may continue to decline, reaching a point known as the "Valley of Sorrow" or "Valley of Death." If not addressed, this can lead to the business exiting the market, as growth rates become extremely low.
- **Stage 5 : Climbing the slope** – During this stage, the entrepreneur makes improvements to the product, releasing upgraded versions. The startup begins to recover thanks to applied strategies and the acquired experience of the team. The second generation of the product is launched, with pricing and marketing strategies adjusted for a wider audience.
- **Stage 6 : High growth phase** – In this stage, the product is fully developed, leaving the testing phase. It is introduced to the appropriate market, and the startup begins

sustained growth. The curve rises as 20% to 30% of the target audience may adopt the new innovation, leading to economies of scale and significant profits.

1.8 The Importance of Startups

Startups hold significant economic, social, and scientific value as they focus on enhancing scientific research. This contributes to the well-being of modern societies and meets their new needs in line with the fast-paced era. As an economic model, startups respond to the characteristics of society and its need for rapid results and prompt fulfillment of needs and profitability.

Many startups have successfully generated wealth and added value, supporting the economies of several countries such as the United States and East Asian nations like South Korea. This success is attributed to the development of innovative products and services, which have created new job opportunities and provided solutions that are easily accessible and cost-effective for communities (Meziane Amina, 2020, p. 34).

2. Success and Failure Factors for Startups in Algeria:

2.1 The Reality of Startups in Algeria:

Establishing a new enterprise is an extremely challenging step, and the situation is even more complex for startups, which require achieving increasing growth rates in unfamiliar or unstable markets. A comprehensive and integrated framework is necessary to facilitate positive interaction between the individual characteristics of the entrepreneur and the social and economic factors that define their environment. This helps overcome obstacles and make the establishment of a startup feasible and achievable.

The essential factors for the success of startups in Algeria can be summarized as follows (Meziane Amina, 2020, pp. 35-41) :

2.1.1 Creative Idea : Having an innovative idea is the crucial starting point for a startup.

2.1.2 Entrepreneurial Education and Culture : Education and cultural understanding of entrepreneurship are important for fostering successful startups.

2.1.3 Entrepreneur's Personal Traits : The personal qualities of the entrepreneur, such as resilience and adaptability, play a significant role in the success of the startup.

2.1.4 Business Environment : The surrounding environment, particularly the business climate, affects the startup's ability to thrive.

2.1.5 Diverse and Accessible Funding Sources : Adequate and easily accessible funding sources are necessary for startup growth and development.

2.1.6 Support and Mentoring : The role of support mechanisms and advisory bodies is crucial for the success of startups.

Recently, Algeria has shown significant interest in startups, but there has been a delay in the launch of such enterprises, particularly due to technological lag in several sectors and a lack of innovation culture and entrepreneurship. Additionally, government spending on scientific research and development has been insufficient. Despite this, Algeria has implemented various measures and procedures to support the creation, growth, and development of startups. However, Algerian startups still rank relatively low in the global startup rankings, as illustrated by the following table :

Requirements for the Success of Startups in Algeria: Between Reality and Aspiration

Table (1): must be Ranking of the Top 10 Startups Globally in Algeria

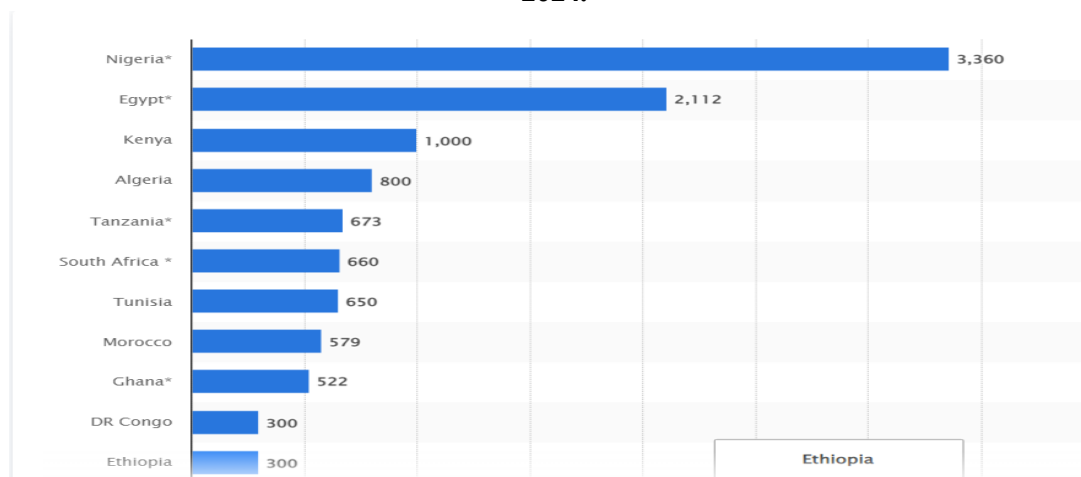
Ranking	Name of the Startup	Definition of a Startup	Global Ranking
1	Siamois QCM	Online Training Platform for Medical Students	1511
2	Batolis	E-commerce Website	2981
3	Yassir	Transportation Website	3841
4	Zawwali	Platform for Connecting Users with Retailers	4192
5	Ubexpay ebanking	Electronic Payment Platform	4933
6	Global opportunities	Opportunity Discovery Platform	5202
7	Academiatauna	E-Learning Platform	5335
8	Lafirist	Electronic Platform for Financial Freedom	6134
9	Madinjdida	E-commerce Platform	7039
10	U3.NET	Platform for Creating Mobile Applications	7265

Source: Nour El-Houda Hamrouche, Previous Reference, p. 151.

From the previous table, we can observe that the top 10 startups in Algeria occupy very low positions in the global startup rankings, with the best startup in Algeria ranked 1511th worldwide.

The following chart illustrates the number of startups in Algeria compared to some African countries for the year 2021.

Fig (3): The number of startups in Algeria compared to some African countries for the year 2024.

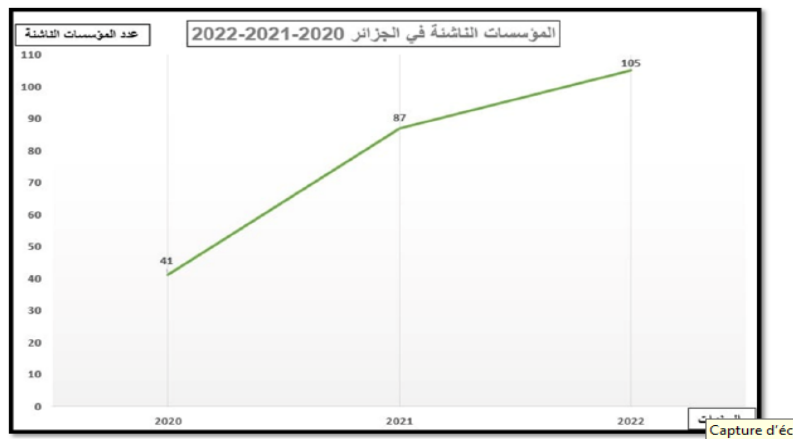


Source: Nour El-Houda Hamrouche, Previous Reference, p. 150.

From the figure above, we observe the difference in the number of startups in Algeria compared to some African countries, with Algeria having 800 startups. This number is relatively small compared to the number of startups in Egypt, Nigeria, South Africa, and Kenya, where the number is approximately three times higher than that in Algeria.

The following figure shows the number of startups in Algeria during the period 2020-2022.

Fig (4): Number of Startups in Algeria during the Period 2020-2022.



Source: Nour El-Houda Hamrouche, Previous Reference, p. 152.

The figure above shows that the number of startups in Algeria in 2020 was 41, with most of them being electronic platforms operating in the field of e-marketing. Following the measures taken by Algeria in 2020 to develop and support startups, their number increased to 97 in 2021. The number continued to rise, reaching 105 startups in the first quarter of 2022.

2.2 Reasons for Startup Success (Youssef Kafi, 2020, pp. 169-171) :

2.2.1 Factors Related to Management Efficiency :

- **Ability to Experiment and Adapt** : The management's ability to experiment and adapt to changes in both internal and external project environments.
- **Ability to Effect Change** : The management's capacity to make beneficial changes and advancements for the project.
- **Resource Provision** : The management's ability to provide appropriate resources, especially skilled labor.
- **Planning and Monitoring** : The management's ability to plan, organize, and monitor work processes and develop operations.
- **Market and Competition Forecasting** : The management's ability to forecast market trends and competition.

2.2.2 Supporting Factors for Small Business Success :

- **Goal Setting** : Clearly defining goals and working to achieve them using all available means.
- **Planning** : Including forecasting the future and planning for implementation and potential difficulties.
- **Organization** : Ability to navigate laws and regulations and adopt new working methods.
- **Training** : Ensuring that all project employees are trained.
- **Advice and Consultation** : Seeking and accepting advice from relevant parties.

2.3 Reasons for Startup Failure :

2.3.1 Administrative Obstacles :

- **Bureaucracy** : Bureaucratic delays in the establishment process can hinder startups. For example, while setting up a business in Algeria can take about a month, it may only take 24 hours in the United States.

2.3.2 Marketing Obstacles :

- **Resource Constraints :** Limited resources, including money and information for research, can hinder growth and development. A lack of market understanding and the inability to adapt products or services to meet consumer needs is a significant reason for startup failure in Algeria.

2.2.3 Technical Obstacles :

- **Team Dependence :** Startups often rely on their team and may not afford skilled employees, leading to inadequate market and technical insights for product or service development.

2.2.4 Financial Obstacles :

- **Funding Needs :** Startups need funding for market research and product or service testing. Without sufficient funds, startups may struggle to achieve their growth and development goals. National conferences often highlight funding as a critical challenge for startups.

2.2.5 Legal Obstacles :

- **Legal Status Issues :** Startups may face challenges in obtaining a legal status, especially during the early stages. Some startups may operate commercially without achieving revenues, making it difficult to establish a legal status. Additionally, startups in fields like agriculture or medicine may face restrictions based on technology (Hossein Youssef, 2021, pp. 76-77).

2.2.6 Professional Obstacles :

- **Technological and Financial Limitations :** Weak technological capabilities due to financial constraints and inadequate funding (Riad Bagouz et al, 2022, p. 151)

3. Promotion and Support for Startups in Algeria

The concept of startups has become one of the most widely discussed topics in Algeria, both academically and politically. This reflects the state's desire to promote this type of enterprise for several goals, including achieving economic diversification, encouraging investment beyond hydrocarbons, leveraging scientific research, and reducing brain drain. Startups are envisioned as a lever for economic and social development based on knowledge and technological advancement.

This new focus is evident through various decisions, mechanisms, and newly established bodies aimed at creating a supportive environment for the creation, support, and development of startups. The authorities, especially the Ministry of Small Enterprises, Startups, and Knowledge Economy (established in 2020) and related ministries overseeing incubators and small enterprises, are committed to achieving the goal of establishing startups.

To implement this new focus, Algerian authorities have introduced several decisions, mechanisms, and bodies, summarized as follows (Meziane Amina, 2020, pp. 41-44)

- **Establishing a New Legal and Regulatory Framework :** This includes defining startups, incubators, and related terms within the ecosystem, as outlined in Executive Decree No. 20-254 dated September 15, 2020. This decree facilitates the creation of these entities and sets out performance evaluation methods and support and financing mechanisms. Additionally, the 2020 Finance Law introduced tax incentives for startups engaged in innovation and new technologies.

- **New Legal Definition of Startups in Algeria :** This is provided by Executive Decree No. 20-254 dated September 15, 2020.
- **Modernizing the Incubator Sector :** Incubators have been in place in Algeria since 2003, with a limited number actively operating, such as the Technological Incubator in Sidi Abdellah in the capital. However, incubators face several issues, including confusion in terminology (formerly referred to as nurseries) and inadequate support and services. The public perception of incubators as public services and the numerous overseeing bodies have led to a reorganization through a new vision and procedures, as outlined in the new Executive Decree No. 20-54 dated September 15, 2020.
- **Establishment of a Committee for "Startup" and "Innovative Project" Certification :** This committee is responsible for granting these labels under specific conditions, facilitating access to advantages, financing, and sectoral offers. It also opens the field for private sector participation in incubator activities.
- **Creation of the National Fund for Startup Financing:** This decision followed the National Startup Conference attended by the President and Prime Minister, with over 1,000 participants, including startups, incubators, government and financial representatives, economic operators, experts, and research center representatives. The fund, supported by public banks and the National Agency for the Promotion and Development of Technological Parks, aims to finance all startup creation activities.
- **Transformation of the National Agency for Youth Employment Support (ANSEJ) into the National Entrepreneurship Support And Development Agency (NESDA) :** This aims to encourage entrepreneurial initiatives and create economically diverse and effective activities, assigned to the Ministry of Small Enterprises, Startups, and Knowledge Economy as of May 5, 2020.
- **Launch of an Electronic Platform for Startups and Small Enterprises:** Activated from October 15, 2020, this platform serves as a central hub for all stakeholders in the startup ecosystem, aiming to facilitate future partnerships with both public and private entities in various projects.
- **Establishment of a National Innovation Council:** Under the authority of the President, this council is tasked with laying the legal foundations for technology transfer institutes, with a pilot phase starting at two universities to create specialized centers in artificial intelligence and the internet, in collaboration with Algerian experts abroad, aiming to enhance innovative ideas and initiatives.
- **Creation of Four Types of Economic Zones Nationwide :** These include "Startup Cities," which serve as incubators for startups and other investments with financial and tax incentives, effectively creating competitive clusters or industrial clusters.

Conclusion

The startup sector is currently of great significance as it plays a vital role in the national economy. Algeria has made several efforts to promote and support this sector. Startups are a relatively new concept in Algeria, and they face certain challenges and obstacles. However, the country is working to reduce these hurdles and adopt startups as a new economic model that can contribute to the economic and social development of the country. Algeria is striving to create a favorable environment to support and develop these startups so that they can effectively contribute to the economy.

Requirements for the Success of Startups in Algeria: Between Reality and Aspiration

After studying the concept of startups in Algeria, their reality, and their success factors, the research paper concludes with the following key findings :

- Startups are a relatively new concept in Algeria.
- A startup is a company that continuously innovates in terms of business models, tools, ideas, and products, making it highly innovative and creative.
- Startups rely on modern technology to support their core operations.
- A startup is an independent company that is not a subsidiary of a parent company or a new branch ; it is a self-sustaining and profitable entity.
- Startups can support key economic indicators such as GDP, unemployment, and job creation.
- The Algerian government has recognized the importance of startups and their role in economic and local development, leading to the creation of a ministry dedicated to this sector and the establishment of the National Committee for Granting the Startup Label and Business Incubator under Executive Decree No. 20-254, dated September 15, 2020.
- Algeria is lagging behind globally and in Africa in terms of pioneering businesses and entrepreneurship, as most of the active startups do not fully meet the country's actual needs.
- Most startups in Algeria are websites focused on e-marketing.

Suggestions and Recommendations :

- Encourage a culture of innovation, creativity, and entrepreneurship.
- Promote startup activities by establishing incentive systems.
- Enact specific legislation for startups.
- Provide training focused on the hard work required in startups.
- Emphasize the necessary expertise and specializations within startup teams.
- Increase government spending on research and development, and strengthen the connection between universities and the economic environment to encourage entrepreneurship and creative ideas.

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