

Dirassat & Abhath
The Arabic Journal of Human
and Social Sciences



مجلة دراسات وابحث
المجلة العربية في العلوم الإنسانية
والاجتماعية

EISSN: 2253-0363
ISSN : 1112-9751

Methods of Supporting Start-ups in Arab Countries

أساليب دعم المؤسسات الناشئة في الدول العربية

Boudendouna Mohammed Aymene¹, Louadj Mounir²

¹ Phd student, University of Jijel, Faculty of Economic, Commercial and Management Sciences,
Department of Economic Sciences, Laboratory of Organizational Economics and Sustainable
Development,

Mohammedaymene.boudendouna@univ-jijel.dz

² Lecturer -A-, University of Jijel, Faculty of Economic, Commercial and Management Sciences,
Department of Economic Sciences, Laboratory of Organizational Economics and Sustainable
Development.

m.louadj@univ-jijel.dz

بودندونة محمد أيمن¹، لواج منير²

¹ طالب دكتوراه، جامعة جيجل، كلية العلوم الاقتصادية والتجارية وعلوم التسيير، قسم العلوم الاقتصادية، مخبر
اقتصاد المنظمات والتنمية المستدامة،

² أستاذ محاضر-أ-، جامعة جيجل، كلية العلوم الاقتصادية والتجارية وعلوم التسيير، قسم العلوم الاقتصادية،
مخبر اقتصاد المنظمات والتنمية المستدامة،

Corresponding author: Boudendouna Mohammed Aymene, Mohammedaymene.boudendouna@univ-jijel.dz

تاريخ القبول : 21 جوان 2024

تاريخ الاستلام: 24 أبريل 2024

Abstract:

This article aims to present concepts specific to emerging enterprises and the methods of supporting and financing them, address their development and their economic and social impacts, and present some historical models of emerging enterprises that have become major companies with an international reach in various economic activities. On the practical side, we address the number of emerging enterprises and their arrangement at Arab and international levels as well , the number of emerging institutions across the continents of the world, and finally a statistical study of a sample of a group of successful emerging institutions in the Arab countries in terms of fields of activity, the age of the institutions, the size of their funding, the relationship between the age of the institution, its specialization, and the volume of funding, and the relationship between the nationality of the founders of the emerging institution and the volume of funding.

Keywords: Startups; Entrepreneurship; Funding; business incubators;

الملخص:

يهدف هذا المقال إلى عرض مفاهيم متعلقة بالمؤسسات الناشئة وأساليب دعمها وتمويلها والتطرق إلى تطورها وأثارها الاقتصادية والاجتماعية وتقديم بعض النماذج التاريخية للمؤسسات الناشئة والتي أصبحت شركات كبرى لها امتداد على المستوى الدولي في مختلف الأنشطة الاقتصادية، وفي الجانب التطبيقي نتطرق لعدد المؤسسات الناشئة وترتيبها عربيا ودوليا وأيضا عدد المؤسسات الناشئة عبر قارات العالم، وأخيرا دراسة إحصائية لعينة من مجموعة من المؤسسات الناشئة الناجحة في الدول العربية من حيث مجالات النشاط عمر المؤسسات حجم تمويلاتها، العلاقة بين عمر المؤسسة وتخصصها وحجم التمويل، والعلاقة بين جنسية مؤسسي المؤسسة الناشئة و حجم التمويل.

الكلمات المفتاحية: المؤسسات الناشئة؛ المقاولاتية؛ التمويل؛ حاضنات الأعمال

1. INTRODUCTION

Economics today is witnessing a quick and significant growth in terms of new concepts, applications and innovations, as well as a development in management and competition methods. Among the areas that have witnessed this are startup companies, which have gained a considerable attention in recent times, both nationally and internationally. This is manifested through statistics that indicate the growth in terms of both quantity and diversity, as well as the support mechanisms provided by both official and unofficial entities to facilitate the launch and growth of startup projects. Startup companies also contribute in driving technological advancement, fostering innovations, facilitating growth, and promoting development. As a result, this field has witnessed competition among countries, which is documented through reports ranking countries in the realm of startup companies.

We observe a global distribution of startup companies across regions or continents that exhibit advancements in the aspects related to startup companies mentioned in the previous paragraph. The concepts and applications of startup companies have also spread in less developed countries, primarily due to the impact they have had on both the economic and social dimensions. Therefore, these countries are striving to catch up and compete with developed countries in this field like the United States. Algeria is among the countries that have recently entered this field, witnessing increased interest from its youth as well as the governmental authorities, this is demonstrated through legislative measures and the establishment

of support entities, such as funding agencies and business incubators aimed at facilitating the launch of startup projects.

1.1. Study problem:

Based on the aforementioned, the presentation's problem statement can be formulated as follows: what are the key features of successful startup companies in Arab countries in light of their international environment?

1.2. Sub-question:

- What is the definition of startup companies?
- What are the various methods of supporting and funding startup companies?
- How did startup companies emerge and evolve, and what are their economic and social impacts?
- How many startup companies have been established within the Arab world, and what is their ranking on an Arab and international scale?
- What are the features of Arab startup companies and their areas of activity?

1.3. Hypotheses:

- The Arab countries are witnessing an increase in the number of startup companies.
- There is a statistically significant correlation between the variable of the founders' nationality and the variable of obtaining various types of funding. There is also a statistically significant correlation between the variable of specialization and the variable of funding
- Startup companies are primarily concerned with e-commerce and marketing.

1.4. Study significance:

The study significance becomes apparent through its content that revolves around startup companies, serving as a driver for growth and an enabler of sustainable economic development, as proven throughout the past three centuries. Highlighting their vibrancy, these companies have evolved in terms of concepts, methods, and business models that have emerged throughout their recent history, and they persist in their development. They have attracted the interest of all active parties, whether at the governmental level, for-profit or nonprofit non-governmental organizations, and a wide segment of youth. Additionally, universities have taken a keen interest in this matter, both administratively and academically, especially in recent years. An example of this is Algerian universities.

1.5. Objectives of the study:

The study aims to address the concept of startup companies and explore methods of supporting and funding them and also delve into their evolution and their economic and social impacts, identify the numbers and rankings of Arab startup companies both within the Arab world and internationally, compare them to other countries around the world, and conduct a statistical study of a sample of successful Arab startup companies to uncover their characteristics.

1.6. Research sections and contents:

The presentation comprises five sections listed below, along with the annexes we provide at the end of the presentation:

1- General concepts regarding startup companies

2- Methods of supporting and funding startup companies

3- The evolution of startup companies and their economic and social impacts

4- The number and ranking of startup companies both within the Arab world and internationally

5- A sample of successful startup companies in Arab countries

2. General concepts regarding startup companies

The concept of startup companies has witnessed diversity and multiplicity due to different philosophies and perspectives regarding startup companies, as well as the context and timeframe of establishing the startup company concept. This diversity is also influenced by cultural, economic and legal variations. Additionally, these concepts have undergone changes due to developments in various fields. However, there have also been efforts to standardize these concepts while taking into account the ongoing developments. Below are some definitions that reflect the evolution of the startup company concept.

According to English dictionaries, the term "startup" is defined as a small project that has just begun. The word "startup" consists of two parts: "start, «signifying the beginning or initiation, and "up" indicating strong or rapid growth⁽¹⁾.

Eric Ries, in his book "The Lean Startup", sees the startup company as a human institution designed to deliver a new product or service under conditions of extreme uncertainty⁽²⁾, according to Paul Graham, the founder of the business incubator "Y Combinator," "A startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology or take venture funding"⁽³⁾.

A startup in Algeria is defined as any institution operating under Algerian law and abiding by the following criteria⁽⁴⁾:

- The age of the startup company shall not exceed eight years.
- The company's business model shall be adopted for products, services, business models or any innovative idea.
- The annual business figure shall not exceed the amount set by the national committee.
- The capital of the company shall be owned by at least 50% by natural persons, accredited investment funds, or other institutions with the 'startup company' label.
- The startup company shall have a sufficiently large growth potential.
- The number of employees shall not exceed 250.

3. Methods of supporting and funding startup companies

Support and funding are key factors for the success of entrepreneurship and the launching of startup companies. In many cases, numerous promising ideas and innovations remain shelved in developing countries due to a lack, or rather an absence, of support programs and funding methods compared to developed countries, where we find a variety of such programs and funding methods. However, over the past decade, many developing countries have witnessed increased activity in supporting and funding entrepreneurship and startup companies, as well as the business incubators that are responsible for nurturing these startup companies, where we've witnessed the emergence of many such incubators,

whether they belong to the public or private sector. Additionally, universities contribute by offering spaces for nurturing and accompanying innovative projects, turning them into productive institutions or providers of high-value services, fully integrated into the economic and social system.

As for support methods, the following can be identified:

3.1. Legal framework

The legal framework is very important in supporting economic activities, including startup companies. Therefore, establishing a legal framework for a particular type of activity or institution is akin to acknowledging the existence of that type of activity. This results in establishing many rights, such as protection, financial support, legal recognition, and other benefits that the owners of such activities or institutions can take advantage of, provided that they fulfill their obligations.

3.2. The tax system and the quasi-tax system

Authorities work on facilitating tasks to support startup companies by granting permanent or temporary tax exemptions within the tax system and the quasi-tax system (social security).

3.3. Business incubators

Business incubators, enterprise nurseries and facilitation centers are key mechanisms in establishing and developing startup companies, offering the needed care, support and guidance (providing headquarters and offices, offering training and consultations, establishing business and marketing relationships and providing help

in obtaining funding resources.) in their early stages, particularly those overseen by governments, as these projects lack the financial resources needed to take off, and due to the knowledge gaps related to the social, legal, and economic aspects of the surroundings, as well as insufficient experience to bring their ideas to fruition without encountering initial setbacks, given the difficulties and challenges associated with launching a project⁽⁵⁾.

3.4. Funding

Ideas, innovations, and initial product or service prototypes often require funding for their design, testing, and production in order to be marketed within the framework of startup companies, whether in their early stages, utilization, or during the phases of development and expansion, the methods of funding these projects vary from a country to another, and even within a single country, multiple types of funding can be found, and the more funding methods vary, the more it gets easier for project owners to secure funding that aligns with the conditions and requirements of their projects. Some projects are self-funded, however, most projects need external funding resources. Here are some of these funding sources and methods:

3.4.1. Self-funding

Some startup projects rely on the financial resources of their owners, especially during their initial stages, one of the advantages of this method is that it maintains the independence and complete ownership of the innovative project for its owner, most initiators that use this funding method tend to minimize costs in order to sustain the project and make it successful.

3.4.2. Venture Capital

Prominent companies and entrepreneurs contract with innovative idea holders who exhibit significant potential for success and growth, but also entail high risks. They provide funding to bring these projects to life and attain success, especially in their initial stages, in return for stakes in case the project succeeds.

3.4.3. Government funding

Authorities provide funding through specific agencies as part of the government's efforts to support the establishment of startup companies, with the aim of contributing to economic growth and combating unemployment. Among the models of government funding are the support agencies in Algeria, such as the National Agency for Support and Development of Entrepreneurship, and others⁽⁶⁾.

3.4.4. Business angels

These are wealthy people who provide capital to startup companies. They are successful veteran entrepreneurs seeking to assist young entrepreneurs with innovative ideas⁽⁷⁾.

3.4.5. Business loans

Banks and some financial institutions provide funding for small projects, startup companies can benefit from these programs. However, these banks may impose certain conditions that could be challenging for those with innovative ideas in the early stages of their projects.

3.4.6. Crowdfunding

Online crowdfunding platforms have become widespread, allowing projects to be presented on these platforms and viewed by

followers or the general public. If these projects capture their interest, individuals may contribute to them by providing funds in the form of donations, loans, contributions in exchange for gifts and compensation, or funding in exchange for shares⁽⁸⁾.

3.4.7. Business incubators

Business incubators usually accept new projects for a specific period of time, providing them with logistical support in the form of offices, consultations, trainings, and guidance. However, some incubators provide funding to launch innovative projects for startup companies. (B, C numbers)

There are several factors that make the economic ecosystem suitable for the activities of startup companies and stimulate them. Therefore, there is a focus on this system to promote the activities of startup companies or rather, to make sure they exist and emerge. In fact, there are studies concerning the most effective incentive systems for attracting new startup projects through annual reports that rank these economic ecosystems for startup companies in different countries. In the Global Startup Ecosystem Rankings for 2022, the United States was ranked as the best economic ecosystem for startups. The Silicon Valley secured the first place, followed by New York City in second place, London in third, Boston in fourth, and Beijing, China in fifth. These rankings were determined based on various criteria, including performance, funding, connectivity, market access, knowledge, talent, and expertise⁽⁹⁾.

4. The evolution of startup companies and their economic and social impacts

Startup companies have proven their worth both before and after the inception of their concept. This concept has evolved over time through practical applications and theoretical frameworks for this type of institutions giving rise to several models that have had economic and social impacts.

4.1. The evolution of startup companies

The concept of startup companies has evolved over time, and even though the English term “startup” has emerged in the late 1970s, the practice of startup companies had been around long before that. The first form of startup companies was known as small businesses, and it’s still standing to this day. Today, the concept has changed and evolved due to changes in regulations, concepts, practices and even laws and other variables that impact economic and regulatory models. Among the most famous examples of early startup companies, we find the printing company of Benjamin Franklins, he was an entrepreneur who found a way to make money by printing books, newspapers and booklets. He launched his project in 1730, quickly achieved success, got retired at the age of 42 and dedicated himself for public service.

Several models of startup companies have emerged, achieving success (Faster Capital, wd), such as Thomas Edison and J.P Morgan’s electric company which was established in 1878, and Nokia, the Finnish company, founded by Fredrik Idestam, Leo Mechelin, and other startup companies that have become major trademarks today, known as leading institutions (Marketing tutor, wd). Surely, some of them failed to achieve that.

The industrial revolution also played a

role in highlighting many startup companies, especially with the emergence of new technologies that provided opportunities for entrepreneurs, helping them to establish factories, mills, and more. Many of these startup companies had a significant impact on local economies and global markets. Several of them grew to become major companies dominating entire industries.

The concept of startup companies has evolved over time. However, its main principles have remained the same, including identifying opportunities, entailing risk, investing resources to produce products and introduce new services and values. In fact, today, startup companies are often associated with technology based businesses that provide innovative products. Regardless of the form taken by startup companies, they were necessary for economic growth and development and they may continue to be so in the future. The culture of startup companies have become widespread in the United States of America, Europe and the entire world over the past decades, Information technology, communication, and the internet have facilitated platforms for startup companies to initiate their projects, secure funding through crowdfunding platforms and other means, and introduce their products and services worldwide, providing easy access to information and knowledge, enabling entrepreneurs to rapidly develop these projects. In the 1990s and the first decade of the 21st century, many startup companies known as the Internet (Dot-com) companies, pertaining to new information and communication technologies emerged. Billions of dollars were invested in these types of startup companies during that period. The overvaluation of the assets and the worth of these companies resulted in the

inflation of their prices in the financial market (Nasdaq), escalating speculation on those assets, and giving rise to the market bubble phenomenon for the stocks of these companies (Faster Capital, wd). Among these establishments, we find: Facebook, Twitter, LinkedIn, Uber, Tesla, Dropbox, and Airbnb. These companies earned more than one billion U.S. dollars in their initial few years of operation, and Silicon Valley, in particular, witnessed many of them. (Marketing tutor, wd).

The modern ecosystem for startup companies is a complex and interconnected network of investors, entrepreneurs, incubators, accelerators, support agencies, and more. It's a dynamic ecosystem that Internet and new technologies have helped in its shaping and evolving. In recent decades, many organizations have emerged to support entrepreneurs, including both governmental and non-governmental organizations, whether for-profit or non-profit.

4.2. The economic and social impacts of startup companies

In case of their success, these companies tend to have great economic and social impacts both locally and globally, as a result of the influence of fast growth and innovation. Additionally, startup companies are considered crucial in driving social change in addition to fostering economic recovery and responsible growth. The value created by startup companies is almost equivalent to the Gross Domestic Product (GDP) of the G7 economies. In 2021, the funding for these startups exceeded \$600 billion. Michelle Longmire, the co-founder and CEO of Medable stated that: "startup companies only succeed when they meet unmet needs". They also contribute in

driving mental transformations in society by establishing new economic models and changing the company's culture. All these changes contribute in creating value by providing new products and services, achieving significant profits, and creating job opportunities. Many organizations have helped in transferring those models and experiences, as well as expertise to young individuals, enabling them to establish new projects in the form of startup companies through national and international training and incentive programs. One of the characteristics that distinguish startup companies is their expansion and sustainability, whether it's about the company itself or the products they provide. Eynat Guez, the co-founder and CEO of Papaya Global, stated that technology startup companies are more than just growth facilitators; they are the growth engine itself⁽¹⁰⁾.

According to the 2020 Start-up Genome report, the global economy generated approximately 3 trillion dollars for startup companies from 2017 to the first half of 2019. This contribution involved 84 different ecosystems, leading to the emergence of startup companies valued at over one billion dollars each. Furthermore, it's worth noting that 30% of the world's leading startup ecosystems are located in the Asia-Pacific region. On the other hand, the region accounted for only 20% of the world's best startup ecosystems in 2012. 74% of the total value of startup companies is concentrated in the top 10 cities globally. According to the 2020 TechTour report, 61% of startup companies worldwide provided their services to institutions, while 39% offered their services to both institutions and individuals. In Asia, India had the highest percentage of its population engaging with

startup companies at 15%, followed by South Korea at 14.9%, China at 8.7%, and Taiwan at 8.4% (According to the Global Entrepreneurship Monitor, 2020).

Moreover, startup companies have promoted local economics by encouraging many individuals to start their own businesses through innovation, providing valuable and innovative products and services for large companies, creating job opportunities, offering chances for individuals and institutions and impacting growth and productivity (LinkedIn, wd).

Startup companies contribute in creating wealth and job opportunities, fostering innovation, spreading a culture of initiative, and building an intellectual capital, all of which contribute to achieving economic growth, becoming one of its main drivers, eradicating poverty, and achieving sustainable development⁽¹¹⁾.

Startup companies ranking in the Arab world

In the following table, we present 20 Asian and African Arab countries ranked both within the Arab world and globally. At the top of the list is the United Arab Emirates, holding the first position within the Arab world and ranking thirteenth globally, with a significant lead over the second-ranked country, Egypt, as well as other Arab countries.

Table 2. Number and ranking of startup companies in the Arab world and internationally

Continent	Country	Startups	Ranking internationally	Ranking in Arab
-----------	---------	----------	-------------------------	-----------------

					ic	Asia	Syria	1	202	19
Asia	UAE	1039	13	1		Source: Prepared by researchers based on the website http://www.startupranking.com				
Africa	Egypt	621	23	2						
Africa	Algeria	124	62	3		We can observe from the table that Arab countries, as a whole, had approximately 2,326 startup companies as of 2022. This is a significant number, indicating that Arab countries have made attempts to create around 232,600 startup companies, with roughly 220,970 of them being unsuccessful.				
Asia	Saudi Arabia	106	63	4						
Africa	Morocco	93	68	5		According to the table above, the United Arab Emirates owns 1,039 startup companies, which accounts for 44.67% of the total number. It holds the top position among Arab countries and is ranked 13th on the international level. This number can be explained by the infrastructure available in this country, as well as its continuous support for talents, encouraging investment in this field. It has Pricena, an online platform that allows users to compare prices of electronic devices, home appliances, and clothing, ranked at 271 with a score of 75.93 SR. next is the Arab Republic of Egypt with 621 startup companies, making up 26.7% of the total, ranked 2nd among Arab countries and 23rd globally. Notably, there's Fustany.com, a bilingual website catering to various aspects of Arab women's interests, including fashion, beauty, makeup, health, weddings, family relationships, work, celebrity news, and cooking, holding the 112th position with a score of 79.97 SR. Also, there's Yaoota, the leading online shopping search engine in the Middle East and North Africa, ranked 226th with a score of 76.907 SR. Additionally, Chefaa, focusing on medical services, secures the 240th position with a score of 76.53 SR.				
Asia	Jordan	90	70	6						
Africa	Tunisia	50	83	7						
Asia	Kuwait	48	84	8						
Asia	Lebanon	48	85	9						
Asia	Qatar	32	94	10						
Asia	Bahrain	26	98	11						
Asia	Oman	13	116	12						
Asia	Iraq	13	118	13						
Asia	Yemen	6	139	14						
Asia	Palestine	5	144	15						
Africa	Sudan	5	147	16						
Africa	Libya	3	173	17						
Africa	Mauritania	2	182	18						

Next is Algeria with 124 established startup companies, making up 5.33% of the total. Algeria ranks third in the Arab world and 62nd globally. Notably, Siamois.QCM is a platform for electronic medical training for Algerian medical students and those preparing for specialization exams, securing the 1440th position with an SR score of 56.92. Following closely are the following countries: Saudi Arabia, Morocco, and Jordan, with 106, 93, and 90 established companies respectively. Notably, Jordanian Arabia Weather, a leading provider of weather products, services, and solutions for consumers and businesses in the Middle East, holds the 74th position globally among startup companies with an impressive SR score of 81.325 (Startup ranking, wd), accounting for about 4% of the total. Then we have countries with lower percentages, estimated at 2%, which include Tunisia, Kuwait, and Lebanon. At the bottom of the ranking, we find Western Sahara and Syria, each with one startup company and a percentage of 0.04%.

Many startup companies in Egypt, Jordan, and the United Arab Emirates hold prominent and significant positions in various activities, especially in expansion (Startup ranking, wd).

The continental ranking of startup companies

1-The continent of America:

The number of startup companies on the continent is 83,714, ranking first globally, representing 60.28% of the global total. The United States has the highest number of startup companies with 75,650, accounting for 90.37%, making it the first in the continent and the world. It is significantly ahead of the second-place,

Canada, the fourth globally, with a percentage of 4.49%. Brazil follows with 1.4%, ranking 10th globally. Other countries have percentages ranging from 0% to 1%.

2-The continent of Asia:

The number of startup companies on the continent is 27176, ranking second globally, when compared continentally, with a percentage of 19.57%, India has the largest proportion of startup establishments, with over 15,000 companies, constituting 58.68, ranking second globally. Following India is Indonesia with a percentage of 9.04%, ranking 6th globally. There are other countries that hold significant rankings globally, including the United Arab Emirates.

3-The continent of Europe:

The number of startup companies on the continent is 21982, ranking third globally, when compared continentally, with a percentage of 15.83%, the United Kingdom has the largest proportion of startup establishments, with over 6,700 companies, constituting 30.83%, ranking third globally. Following the United Kingdom is Germany with a percentage of 10.84%, ranking 7th globally, and then France with a percentage of 7.26%. Nevertheless, many European countries have more than 80 startup companies, with Monaco having the fewest, just two companies.

4-The continent of Africa:

The number of startup companies on the continent is 3287, ranking fourth globally, when compared continentally, with a percentage of 2.37%, Nigeria has the largest proportion of startup establishments, with over 808 companies, constituting 24.58%, ranking 17th globally.

Following Nigeria is Egypt, with a percentage of 18.89%, ranking 23rd globally, and then South Africa with a percentage of 14.91%. The percentages start to decrease afterwards.

What's noteworthy about these varying percentages is that they are the lowest globally. This is due to various factors such as the prevalence of wars and the absence of a conducive environment supported by suitable infrastructure, accompanying laws, and other elements facilitating the activity of these companies.

5-The continent of Australia:

As for the continent of Australia, it ranks it ranks last continentally with a percentage of 1.95%.

5. A sample of successful startup companies in Arab countries

The most important areas of activity

We've classified startup companies based on their specific activities with a commitment to providing details. Among these companies, some are dedicated to education, others to healthcare, and some to commerce. Commerce and marketing account for 33.3%, financial services follow at 17.7%, various services represent 15.8%, healthcare and education also make up 15.8%.

RESULTS AND DISCUSSION

Based on this study, we have reached the following results:

1- Arab and economically disadvantaged countries continue to lag behind on the global rankings in this field due to their fragile economies, inadequate infrastructure, and the lack of resources that

these institutions require, particularly in terms of funding. The United Arab Emirates stands out as a leader in establishing and the success of these companies, boasting a significant proportion, securing the top spot among Arab countries and maintaining a strong global position. Egypt follows, though at a considerable distance, and then comes Algeria with a lower percentage.

2- Globally, the United States and India continue to hold the top positions with a significant number of companies.

3- Funding is a fundamental element that startup companies depend on for their development and growth. We have observed companies obtaining significant funding due to their successes, attracting the interest of other institutions and supporters to further expand and evolve.

4- Startup companies in the United Arab Emirates encompass a diverse range of nationalities, demonstrating that this country offers significant opportunities for investment and attracts investors from different backgrounds. This economic openness is among the essential variables for development and success.

5- Commerce and marketing had the largest share of the activities in the studied sample, followed by financial services and educational and healthcare services.

6. RECOMMENDATIONS:

1- Creating spaces for the owners of traditional institutions to meet the entrepreneurs of startup companies, in order to obtain the needed funding.

2- Improving traditional or new funding methods that have been adopted by developed countries and are not widely

available in developing countries in general and Arab countries in particular, such as venture capital funding, crowdfunding, and the establishment of new funding mechanisms.

3- Establishing a platform or exchange for requesting or offering inventions, products, innovative services, and ideas, whether for sale and purchase or for partnership between capital owners and innovative idea holders.

4- Encouraging entrepreneurs to establish and succeed with these companies by the state, and, if needed, assist them in obtaining funding from abroad.

5- Empowering universities to support the establishment and growth of startup companies through university business incubators, similar to recent efforts in Algeria.

6- Developing the infrastructure and the ecosystem in which these institutions live and grow, including rapid laws and technologies.

7- Establishing national and international gatherings for innovative ideas, transforming them into startup companies, and providing prizes and support to the winners to foster the culture of startup companies, motivate youth, and establish an economic dynamic built upon creativity, innovation and startup companies that play a pivotal role in growth and development.

8- Promoting the protection of intellectual property for innovative and creative ideas is essential to create a secure environment for the rights of idea originators. This encourages knowledge sharing, fosters a culture of intellectual property, and safeguards these ideas from

potential infringements, both at the national and international levels. This is particularly important in the age of modern information and communication technologies to bolster confidence in the market for these innovators.

7. CONCLUSION

The technological renaissance witnessed by humanity at the end of the last century and the beginning of this century is unprecedented, thanks to the significant accumulation of knowledge, which had a direct impact on all aspects of life, particularly the economic and social aspects. In fact, various online applications and modern communication technology platforms started to dominate generating new ideas and inventions that align with the contemporary reality of life. Hence, most startup companies today rely on these technologies in their establishment and initial phases. Since everything new has an incubation period that can be either short or long, influenced by various variables, including expertise in the field of establishment and management, limited funding, high risk, and others, startup companies require constant guidance, assistance, and ongoing monitoring. Even if provided for a limited period, whether by individuals or the government, in a way that serves the public and private interests. The absence of these factors can be considered one of the leading causes of their failure. As a matter of fact, the success rate has been quite low, sometimes reaching as low as 10 percent. Considering the successful cases, both globally and in the Arab world, we can observe companies that have showcased their efficiency, resilience, and rapid evolution, ultimately setting the stage for other companies to establish their own

presence. In the current era, countries are ranked and evaluated based on the number and strength of their startup companies.

Hypotheses examination:

- Arab countries are witnessing an increase in the number of startup companies: a somewhat confirmed hypothesis through the statistics recorded by national and international reports, indicating differing levels of startup development. There is a trend in Arab countries towards establishing more startup companies. However, this level still falls short of global averages.

- Startup companies are primarily focused on e-commerce and marketing: confirmed hypothesis.

- There is a statistically significant correlation between the specialization and funding variables for startup companies: confirmed hypothesis. In this regard, the more the specialization is in commerce and

related fields, the funding can reach amounts exceeding 300 million dollars.

- There is a statistically significant correlation between the variable of the nationality of the founders of the startup companies and the variable of obtaining various funding: unconfirmed hypothesis.

Bibliographies

1. 254-20, Executive Decree, 2020
2. Abdelhadi, Boukaffa, 2022
3. Djalila, Ben Ayad, 2022
4. Financesoline, 2022
5. Forum, Word Economic, 2022
6. Maycyl, Boumendil, 2022
7. Network, Global Entrepreneurship. 2022
8. Youssuf & Seddiki Ismail, 2021

References

-
- (1) Youssuf & Seddiki Ismail, 2021, p. 21
 - (2) Djalila, 2022, p. 159
 - (3) Youssuf & Seddiki Ismail, 2021, p. 71
 - (4) 254-20, Executive Decree, 2020
 - (5) Abdelhadi, Boukaffa, 2022
 - (6) Maycyl, Boumendil, 2022
 - (7) Maycyl, Boumendil, 2022
 - (8) Maycyl, 2022
 - (9) Network, Global Entrepreneurship. 2022
 - (10) Forum, Word Economic, 2022
 - (11) Djalila, Ben Ayad, 2022