



Personal and Psychological Characteristics of Entrepreneurs and the Entrepreneurial Process among Algerian Youth

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Abstract:

The aim of this study is to explore one of the entrepreneurial support mechanisms adopted by the Algerian state as a socio-economic option, through the integration of youth into the economic development process. In this context, we will examine from a sociological perspective how these mechanisms operate and their management style, which is represented by the National Agency for Support and Employment of Youth. We will also discuss the extent of youth engagement in this economic project and its impact on their perceptions and social environment.

Keywords: *support mechanisms – youth – microcredit – youth perceptions – social environment – entrepreneurial work.*

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I. INTRODUCTION

Since independence, Algeria's public sector has been the cornerstone of its economic and social development until the 1980s. However, during this decade, cracks began to appear, largely due to the oil crisis, which adversely affected public institutions and worsened employment conditions. These challenges necessitated a shift in policy toward encouraging private investments—whether national or foreign—through new investment laws (e.g., August 21, 1982 law and the 88-25 law of 1988). Among these measures was the establishment of governmental bodies, such as the National Agency for the Support and Employment of Youth (ANSEJ), created in 1996. This agency plays a key role in creating jobs and transforming young people from job seekers to job creators, thereby fostering a new economic actor: the entrepreneur.

Problematic:

The Algerian state has adopted entrepreneurial support policies, offering young entrepreneurs a range of fiscal and economic benefits alongside financial and technical assistance. To implement this strategy, several support mechanisms were established, such as ANSEJ. This agency encourages unemployed youth to establish small enterprises and integrate into the workforce.

Evidence of this can be seen in the long queues at ANSEJ branches across Algeria, particularly between 2012 and 2015. This enthusiasm was fueled by the facilities and media campaigns aimed at attracting unemployed youth from various environments, both rural and urban.

However, the effectiveness of these support mechanisms depends on the selection criteria applied to the youth, particularly their personal and social characteristics. Joseph Schumpeter's definition of an entrepreneur emphasizes innovation and the willingness to take financial, psychological, and social risks to realize their ideas. This raises several questions:

- What are the mechanisms for supporting entrepreneurial projects?
- What are the characteristics and social backgrounds of the youth targeted by these initiatives?
- How has microcredit affected their perceptions, actions, and social environments?

Conceptual Framework:

Microcredit:

A financial loan provided in the form of equipment or machinery by the state to encourage unemployed youth to establish small projects and enterprises, transitioning them from unemployment to entrepreneurial activity.

Entrepreneurial Support Mechanisms:

Governmental bodies established under Algeria's market economy policy to reduce unemployment and encourage individual initiatives. These mechanisms aim to stimulate economic, commercial, and industrial activity to generate wealth and create jobs.

Youth:

Youth can be defined based on various criteria, such as age, physiology, or social classification. In this study, we consider youth as a stage of life characterized by physical and intellectual vigor, during which individuals aspire to take on roles, responsibilities, and positions within society.

Social Environment:

The influences surrounding a young person, including family, education, career paths, and social networks, which can either encourage or hinder entrepreneurial behavior.

Operations and Procedures of Entrepreneurial Support Agencies for Youth :

The attempt to analyze and interpret how entrepreneurial support mechanisms operate in Algeria is not aimed at presenting a distorted or critical view of these policies. Instead, it is an effort to understand and

describe the ways these mechanisms were managed and implemented. This analysis falls under the sociology of economic practices rather than the sociology of economics.

The establishment of these programs, policies, and mechanisms is expected to have a profound impact on shaping the social consciousness and normative and value systems of youth and their social environment. Their purpose goes far beyond merely attracting a large number of unemployed youth and transitioning them from unemployment to entrepreneurial work.

However, these procedures may yield results and consequences that differ from their intended goals. This paper aims to outline some of the actions undertaken by these agencies and the management patterns they follow in their operations.

1. Nature of Promotional and Advertising Campaigns:

The promotional and advertising campaigns had a significant and effective impact in attracting a large number of unemployed youth from various social classes and environments. These campaigns included:

a. Free Assistance (Receptionservices - Information and guidance - Accompaniment and support - Training programs).

b. Tax Benefits(Exemption from Value-Added Tax (VAT) - Reduction of customs duties during the implementation phase - Tax exemption during the operational phase).

c. Financial Aid(Interest-free loans - Reduced banking interest rates - Large loan amounts with personal contributions not exceeding 2% of the total project cost [source: www.ansej.org.dz]).
.Based on our observations and analysis of the effects of these promotional efforts, we reached two key conclusions:

- Quantitative Focus: The primary objective of these campaigns was to target the quantitative dimension rather than qualitative recruitment. According to ANSEJ statistics, approximately 5,000 young people were recruited during the years 2012, 2013, and 2014.

- Informal Recruitment Practices: There was an informal aspect to the advertising and recruitment process, carried out outside the agency's official framework by intermediaries or funders.

2. Changes in Regulatory and Executive Decisions :

The regulations and executive decisions regarding the procedures for obtaining loans, individual contribution percentages, loan amounts, and interest rates have been revised and updated multiple times over the years. Key examples include:

- The executive decree issued in 2003

- The amended decree issued in 2011

- The decree issued in 2016

Upon examining and analyzing the nature of these changes, as well as the timing and circumstances under which they were made, it becomes evident that these revisions were not based on a well-studied scientific or practical framework. Instead, they were primarily reactive, aimed at addressing emerging social, political, and economic conditions driven by Algeria's rentier economy.

3. Local Agencies' Subordination to Central Authority Decisions via Informal Structures:

Despite the nominal shift to a market economy and political rhetoric advocating decentralization, decision-making independence, and fostering initiatives, our initial investigation revealed otherwise. Testimonies from agency employees indicate that Algeria's institutional framework remains heavily influenced by classical bureaucratic practices.

Decisions are often controlled by an oligarchic bureaucratic apparatus that prioritizes the authority of individuals over institutions. This system relies on personal orders rather than formal administrative documentation or hierarchical structures. Informal, oral directives bypass official channels, often reflecting authoritarian, clientelist, and politicized practices. These informal dynamics, rooted in opportunism and patronage, exacerbate the recruitment of youth within a sociological framework that embodies a concept of "state-owned resources" (referred to as **Rizq El-Baylik**). (ALI EL-kenz, p13)

4. The Formal and Bureaucratic Nature of Procedures:

As discussed earlier, the prevailing organization within these agencies leans heavily on informal structures, which significantly impact the procedures for receiving and reviewing loan applications. These procedures are largely administrative and formalistic, characterized by:

- Occasionally burdensome requirements
- Periodic easing of conditions depending on external factors (social, economic, political)

For example, during periods of high demand and significant youth recruitment, there was limited follow-up or supervision of loan beneficiaries. Monitoring was primarily based on administrative paperwork, with little to no actual oversight of project implementation.

5. Conflict Resolution Departments:

Many of these agencies have established dispute resolution departments tasked with pursuing and prosecuting youth whose projects fail. These departments represent one of the organizational shortcomings of the support system.

Initially, promotional campaigns create a façade of encouragement and incentive for youth participation. However, these same mechanisms later employ punitive measures, such as legal action, against beneficiaries who fail to repay their loans. This duality reveals a contradiction in the support mechanisms:

- An apparent, external discourse focused on motivation and encouragement.
- A hidden, underlying discourse centered on accountability and punishment.

6. Characteristics of Algerian Youth and Their Social Backgrounds:

In the previous section, we examined the first aspect of this issue: the mechanisms supporting entrepreneurship. Now, we turn to the second critical component upon which these policies are built: unemployed youth.

Before delving into their characteristics and social environments, it is essential to highlight the historical and temporal context in which these youth were raised. Specifically, we must consider the period preceding the establishment of entrepreneurial support mechanisms. What defined this period, and how did it impact their social upbringing and the formation of their personalities?

6.1 Characteristics of the Pre-Entrepreneurial Support Mechanisms Phase:

Between 1990 and 2000, Algeria experienced challenging political, security, economic, and social conditions, which had significant repercussions on the social, economic, and security levels.

A. The Economic Aspect:

As a result of the violence during this period, the halt in development efforts, the suspension of developmental programs, capital flight abroad, weakened investment activity, and the significant drop in oil prices, the state allocated a large portion of its budget to security forces to address the prevailing security conditions. This came at the expense of sectors like education, health, and job creation.

Studies in this field indicate that the violence in Algeria drained approximately 25 billion us dollars. Industrial activities came to a standstill due to widespread sabotage and destruction that affected most industrial facilities in the country (Belkacem Mohamed, p. 25).

B. The Social Aspect:

The security and economic challenges had a profound impact on the social fabric. Due to the escalation of violence and killings, a large number of rural residents migrated to cities and safer areas, exacerbating the depopulation of rural areas and contributing to the formation of informal settlements around urban centers. This led to marginalized living conditions and furthered the spread of poverty, unemployment, and various forms of criminal violence, such as theft, murder, fraud, moral crimes, and drug-related offenses.

These circumstances disrupted social values and norms, such as tolerance, cooperation, and solidarity. Official statistics indicate that during this period, unemployment rates exceeded 25% (National Office of Statistics, Statistical Data, p. 227). This high unemployment rate weakened religious values, diminished the role of families in social upbringing, and reduced the effectiveness of social institutions in providing guidance and oversight. It also weakened social ties and caused psychological stress for individuals.

Following Presidential Decree No. 92/44, dated 9/2/1992, which declared a state of emergency, fear spread among the population, causing widespread anxiety and worry. This was compounded by the psychological pressure of being suspected or accused without reason (MektafKarima, 2001/2002, p. 260).

These observations provide a preliminary view of the social, economic, and psychological conditions in which young people grew up during this period. They highlight the extent of the impact these factors had on shaping their personalities and social environments, as well as their influence on the implementation of microcredit programs. This discussion will attempt to describe the characteristics of these young people and their social environments based on preliminary information from local agency statistics and statements from respondents.

7.Characteristics of Youth Benefiting from Microcredit:

7.1 Prolonged Unemployment:

One of the key characteristics of these youth is their extended period of unemployment and its impact on their psychological well-being and social status. This aligns with P. Lazarsfeld's famous study on unemployment in an Austrian village in the 1930s, which revealed that unemployment is not merely a loss of income but also a loss of social identity. Unemployment undermines self-confidence, disrupts a person's sense of belonging, and weakens social networks. It also diminishes an individual's self-perception (Lazarsfeld, 1982, p. 56).

7.2 Marginalized Living Conditions:

Due to the large-scale rural migration caused by the security crisis in Algeria, many families, whose primary livelihood depended on agriculture and livestock, moved to cities. There, they established informal settlements as a form of shelter after losing everything. This situation led to marginalized living conditions for young people from these rural families, who struggled to adapt to their new reality. Manifestations of these marginal conditions included behaviors such as theft, violence, murder, recidivist crimes, drug abuse, and more.

8. Behavioural and Psychological Characteristics of These Youth:

Unemployment and the marginalized living conditions resulting from rural migration deeply influenced the psychology and behaviour of these young individuals in their social reality. Their behaviours are often marked by anxiety, impulsiveness, and a limited outlook on life. They lack the desire to work or seek employment, favour jobs that require minimal physical or intellectual effort, and exhibit excessive dependency and opportunism.

Additionally, they tend to have low educational attainment, little ambition, and no inclination toward pursuing future projects, especially those involving risk. As anthropologist Mazhar Suleiman noted in his book **Aspects of Popular Culture**, Algerians generally avoid risk-taking and venturing into the external environment, lacking control over their means of livelihood (Mazhar Suleiman, 2007, p. 35). These youth rarely experienced formal employment, except for simple, casual jobs.

8.1 Nature of Jobs and Occupations Practiced by Youth:

Before receiving microcredit, these young people engaged in jobs that required neither extensive training nor experience. These occupations were simple, routine, and un-innovative, failing to equip them with the skills needed for significant work experiences. Examples include street vending, selling vegetables in retail markets, bus fare collecting, and other government-provided public utility tasks. In rural areas, they were typically involved in subsistence farming or livestock herding.

8.2 Social Environment of These Youth:

Before describing the social environment of these youth, it's important to note some of their classifications based on statistics provided to us through the agency. We find there are two categories of youth: those who live in rural areas and those who live in cities. The rural youth are further divided into two groups: those who live in mountains and plateaus, and those who live in villages. As for urban youth, they too are divided into two categories: those living in shanty neighbourhoods and those in working-class neighbourhoods. We define the social environment of these youth according to three variables: family variable (generational movement), educational and professional path variable, and the relational network variable. The question that arises here is: what is the impact of these variables on youth in adopting entrepreneurial action?

8.3 Family Path:

Most of these youth belong to extended family structures. The nature of these families, which formed during the Algerian crisis, does not carry the entrepreneurial tradition that contributes to developing entrepreneurial sense among youth, meaning the inheritance of fathers' professions by children. Consequently, there is no entrepreneurial tradition within these families, as most are families who migrated from rural areas. The process of social upbringing and reproduction of the same behaviours and actions within the family serves as a organizing thread in following the same family path. As researcher and thinker "Pierre Bourdieu" points out in his book "Reproduction" that "Habitus" is: "a system of durable, transposable dispositions, structured structures predisposed to function as structuring structures" (Pierre Bourdieu 2003, p.65).

8.4 Educational and Professional Path:

The marginal conditions in which these youth grew up caused many of them to drop out of school. Preliminary statistics provided by the agency show that over 80% of the youth granted microcredit have an educational level between primary and middle school. They lack professional experience in formal institutions and do not possess vocational certificates or training in specific trades.

This deficit can be understood through Bourdieu's concept of cultural capital, which encompasses "a set of knowledge, skills, and competencies that, within a specific cultural framework, include academic credentials and cultural titles that provide their holders with positions and statuses defined by their volume and type" (Pierre Bourdieu, *The Ignorant Schoolmaster*, 1994, p. 44). Such cultural capital was largely absent in these young people.

8.5 The Relational Path:

The social relationships these youth have built are not connected to environments dominated by individuals with influence in the world of finance, business, or skilled trades. This aligns with Pierre Bourdieu's concept of *social capital*, which refers to "the sum of connections, relationships, acquaintances, and friendships that a person develops, granting them a certain degree of social cohesion and the capacity to act and react appropriately through the quantity and quality of these relationships and social capital ties."

From preliminary observations, their social networks primarily consist of friends sharing similar fates or neighbours within the same locality. These connections lack the diversity and quality needed to position them within a socially recognized hierarchy, which limits their potential to access entrepreneurial opportunities.

9. The Impact of Microcredit on Youth Actions and Perceptions:

This analysis does not aim to portray an unfavorable image of youth beneficiaries of microcredit. Instead, it seeks to highlight the sociological stereotypes and perceptions regarding the relationship between youth and microcredit. Specifically, it explores how they initially perceived the idea of microcredit and how they implemented it as a project in their social reality. Based on preliminary observations and statements from the youth involved, this relationship can be understood through two dimensions:

A. Youth Interaction with Agency Procedures:

Youth interactions with the agency's procedures reveal a range of strategies and behaviors, including:

- Awareness of Rules: Some youth demonstrated good knowledge of the rules and procedures established by the agency.
- Informal Networking: Many developed relationships outside the agency's official framework to expedite processes.
- Superficial Accompaniment: Instances of symbolic support and reliance on favoritism (clientelism) were observed.
- Equipment Conversion: Converting provided equipment into cash rather than using it for entrepreneurial purposes.
- Use of Informal Intermediaries: Engaging unofficial intermediaries to overcome bureaucratic hurdles.

- Administrative Irregularities: Employing illegal methods to acquire certain required documents.
- Unspoken Negotiations: Non-transparent and negotiated agreements between the financier and the youth.
- Exploitation of Monitoring Loopholes: Youth often adapted to monitoring mechanisms by exploiting weaknesses in the oversight process.
- Risky Loan Repayment: A level of risk-taking in their approach to repaying the loan.

These behaviors reflect a value-driven strategy that youth use to navigate and bypass the agency's procedural constraints.

10. Youth Perceptions of the Loan Amount:

The youth's perception of the loan is shaped by both social and religious factors, with the latter sometimes opposing the concept of microcredit. Nevertheless, many youth justified taking the loan as a practical necessity. Key perceptions include:

- Viewing the loan as a lifesaver and a solution to their dire circumstances.
- Considering it a rightful claim, often linked to the notion of "their share of the oil wealth."
- Associating the loan with a traditional sociological idea of resourcefulness ("survival tactics").
- Prioritizing personal benefits over entrepreneurial commitment, focusing on opportunism and public funds.

When asked about their aspirations for the loan, the most frequent responses were:

- Escaping unemployment.
- Recovering a perceived lost right.
- Settling debts.
- Building a family home.
- Funding a marriage project.
- Purchasing a car.

These responses align with Abraham Maslow's hierarchy of needs, focusing primarily on fulfilling basic security and livelihood requirements.

The youth's aspirations did not extend to self-actualization or achieving social recognition. Their ambitions lacked creativity, risk-taking, and entrepreneurial vision. Instead, they perceived the loan as a means to address immediate personal and familial needs, often unrelated to starting a business.

As one youth stated:

"After being unemployed for so long, why would I risk investing the loan in a failing project? We were deprived of basic necessities. This is our opportunity to buy a car, get married, or build or purchase a home since we've never received anything from the state."

From a sociological perspective, these responses indicate an absence of internalized entrepreneurial strategies or visions. The limited aspirations stem from the socio-economic conditions in which they

grew up, shaping their personality and worldview. Their focus on self-centered, short-term goals reflects the influence of their historical context and the constraints of their upbringing.

Early Social Implications of Microcredit Outcomes:

We cannot ignore the historical context of economic policies that Algeria has pursued since independence until today, where each economic policy had its social impacts and effects on the value and normative dimensions of individuals.

This necessarily leads us to say, according to our initial readings, that these policies are not entirely different from their predecessors in that they rely on oil revenue and the specific circumstances in which these policies were implemented. Take for example (the self-management mechanism that was temporally linked to independence and entrepreneurship support policies which in turn were linked to security conditions.)

The lack of localization of this economic policy, which was linked to special circumstances in Algeria represented in emerging from difficult security conditions and changes in global economic orientation that adopted investment in small and medium projects, created an economic inevitability and a ready-made model for Algeria.

This was reflected in the local reality in unexpected ways and produced social outcomes as follows:

- Investment of loan money in achieving security and food needs
- Investment of loan amounts in buying and selling counterfeit goods
- The impact of the loan amount on the value system: taking loans in an unplanned and socially illegitimate way directly contributed to the disruption of youth's value and normative system, especially values that make competence, work quality, and creativity mechanisms for advancement and excellence in the social ladder
- Deterioration of work value, performance, competence, and merit
- Emergence of dependency and laziness in work
- Emergence of some degraded values such as fraud, indifference, and quick profit-seeking

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