

**The Socio-Cultural Environment and Its Relationship with the Effectiveness of
Startups:**

A Field Study on a Sample of Startup Owners in Bechar, Algeria

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Received: 17/01/2025

Accepted: 12/05/2025

Published: 01/06/2025

Abstract:

This study aimed to identify certain obstacles related to the socio-cultural environment that hinder startup owners in the Bechar region. These obstacles emerge both prior to and during the establishment of startups. The study focused on highlighting various socio-cultural values as key determinants of human behavior and their potential impact on startups. To examine this, we employed the method of objective content analysis. The study was conducted on a purposive sample consisting of members from both incubated and non-incubated startups in the Bechar region. Data were collected using interviews, involving eleven respondents representing five startups.

The study findings can be summarized as follows:

- The social environment in which a startup operates may pose challenges to its initiation, continuity, and growth.
- Startups are influenced by the culture of their members.
- Achieving the desired future prospects of a startup largely depends on aligning its concept with the local community's culture.

Keywords: startup, entrepreneurship, local community, socio-cultural environment.

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1.Introduction:

Similar to certain countries worldwide, Algeria has recently embarked on creating a new economic model to revitalize and diversify its national economy, moving away from the approach adopted for decades. This shift aims to establish a non-hydrocarbon-based economy by investing in various sectors with growth potential. These sectors are characterized by quality and merely require entrepreneurial spirit, willingness to take risks, and readiness to face challenges in the investment landscape.

This perspective aligns with the school of thought that highlights the entrepreneurial individual by focusing on and analyzing their traits and personal characteristics. Startups represent one form of entrepreneurial activity that reflects this aspect. They aim to provide practical solutions to facilitate the daily lives of citizens and benefit companies by leveraging the latest information and communication technologies.

Moreover, these youth-driven entrepreneurial initiatives can significantly contribute to accelerating local development, provided they adhere to objective standards of competition. Such adherence is crucial to achieving a qualitative leap that enables these ventures to build resilience and face future challenges effectively.

The Algerian university is well aware of this dynamic and actively contributes to fostering innovative and developmental minds through conferences, seminars, and training workshops aimed at encouraging the establishment of startups. This effort is complemented by mechanisms implemented by the state to support these projects, starting with mastering project management and running enterprises at minimal costs.

To ensure the sustainability of these ventures, the dual approach of financial support and field accompaniment is essential for startup owners. While diverse ideas and available technologies lay the groundwork, Algeria aspires to develop startups that leave a significant mark in the business world and contribute to enhancing the economy.

Thus, promoting and supporting newly established enterprises, commonly referred to as "startups," has become a priority for economic policymakers in Algeria. There is considerable focus on empowering youth eager to realize and implement innovative ideas or develop creative concepts in the form of startups. In this fast-paced era, these startups can rapidly evolve into major companies, potentially generating billions in profits and significantly boosting the national economy.

This highlights the significance of the topic under examination, as it seeks to define the concepts related to socio-cultural obstacles faced by entrepreneurs before and during the establishment of their startups. The study emphasizes various social values as critical determinants of human behavior and their inevitable and direct impact on startups. These aspects warrant thorough investigation due to their substantial influence on both the entrepreneur and the enterprise. Additionally, the study underscores the vital role played by entrepreneurs in advancing entrepreneurship.

To better understand the reality of startups in Bechar, it was essential to engage with the youth who successfully transformed their creative ideas into tangible projects, whether in production or services. This approach was intended to comprehend the conditions of startups in Bechar, which are influenced by multiple factors, including values, beliefs, customs, religion, traditions, and attitudes, among others. These factors may act as direct or indirect obstacles or deterrents to startups.

This focus on the socio-cultural constraints affecting startups highlights their impact on the initiation, continuity, and development of these ventures. Accordingly, the following research question arises:

What are the socio-cultural obstacles that hinder the effectiveness of startups in Bechar?

1.1. Study Objectives:

Researchers typically establish predefined objectives to achieve through their studies. The goals of this research include:

- ✓ Identifying the socio-cultural barriers faced by startups in Bechar.
- ✓ Highlighting the significance of local culture as one of the key environmental factors influencing startups.
- ✓ Exploring the current state of entrepreneurial thought and culture among the youth in Bechar.

1.2. Study hypothesis:

Startups in Bechar face a range of challenges stemming from the reciprocal interaction between the enterprise and the socio-cultural environment in which it operates.

1.3. Definition of Key Concepts:

1.3.1. Concept of a Startup:

Eric Ries (2011, p. 27) defines a startup as a human-centric organization specifically designed to create a new product or service under conditions of extreme uncertainty.

A startup can also be defined as a small company established to offer new and innovative products or services in a high-risk and uncertain environment, often relying on advanced technologies or entrepreneurial ideas (Zoghbi, 2020, p. 35).

1.3.1.2. Operational Definition of a Startup:

A startup is an organization managed by two or more individuals, based on a creative idea and minimal costs, with the potential for horizontal expansion through the services and products it provides.

1.3.2. Concept of Entrepreneurship:

The concept of entrepreneurship is closely related to that of startups, as the essence of a startup inherently represents entrepreneurial action. Therefore, defining entrepreneurship is essential for this study.

Some define entrepreneurship as the process of planning and managing a company or organization based on a new idea, often starting as a small unit offering diverse products and services (Hisrich, Peters, & Shepherd, 2017, p. 6).

Entrepreneurship is also defined as the ability to create new economic ventures based on innovation and creativity, aiming to generate added value for the economy and society by exploiting available opportunities and assuming the risks associated with managing the project (Mehdi, 2018, p. 42).

1.3.2.1. Operational Definition of Entrepreneurship:

Entrepreneurship refers to any practical effort undertaken by an individual based on an idea, accompanied by a plan encompassing all activities within the framework of profit and risk while seizing opportunities. It involves a set of activities and tasks carried out by the entrepreneur within various environmental contexts to achieve specific profits, provide services that facilitate daily life, and contribute to fostering local development.

1.3.3. Operational Definition of Socio-Cultural Values:

Socio-cultural values refer to a set of values, customs, traditions, and norms that are part of the culture of a specific community. These values typically govern the behavior, perceptions, and attitudes of individuals and are reproduced in various environments, particularly in the workplace and organizational settings.

2. Framework and Scope of the Study:

2.1. Geographical Scope of the Study:

The field study was conducted on a group of startups in Bechar. Below is an overview of these companies:

- **GETCLIENT:** A startup and digital advertising agency offering various services such as promotion, marketing, market research, and project management with high quality and professionalism. It is located in the Business Incubator, specifically in the Salam neighborhood, Airport Road, Bechar. The company launched in September 2021.
- **HOFMANS:** Established in October 2021, located in the Business Incubator in Salam neighborhood, Airport Road. It is a startup specializing in cleaning, maintenance, and disinfection services, offering facility cleaning, disinfection, and pest control services.
- **GAINGROW:** A digital advertising agency specializing in advertising and promoting projects online. It also includes an educational agency in digital fields such as business, freelancing, design, and programming. It was founded in November 2021.
- **CONFIDENCE:** Established in January 2020, this consulting company provides business, technical, and administrative studies. It was created by a group of companies from various sectors and has a direct impact on both public and private markets. It is located in the Jehani district, 220 Housing, number 266, Bechar.
- **AQUAYATE:** A startup offering products based on spirulina, particularly pasta, aimed at providing a rich and balanced diet for children, vegetarians, and cancer patients. It is located in the city center at 36 Raed Faraj Street, Bechar. The company was founded in 2021.

2.2. The Temporal Scope of the Study:

This refers to the duration required to complete the study. Given the differing opinions among researchers regarding the determination of the study's temporal scope, we have adopted the most common and widely applied perspective. This approach defines the duration as extending from the selection and identification of the research problem to the

derivation and discussion of the results. This entire process spanned from February to April 2024.

3. Methodology of the Field Study:

Every field study relies on a methodology that guides the researcher in collecting and analyzing data. This is determined by the method that best suits the nature of the study, the data collected, and the approach to deriving the results.

3.1. Method and Study Tool:

The study adopted the descriptive method, employing the "objective" content analysis approach (Saboun, 2012, p. 264), as the interview was used as the primary tool. This method necessitates the analysis of the communication text derived from the respondents' conversations. The interview was selected as it allows for an in-depth exploration of the study's subject and facilitates the direct collection of a substantial amount of information. This tool was applied to eleven respondents and included eleven open-ended questions.

3.2. Study Sample:

The study primarily targeted owners of startup enterprises, meaning that the selection of the sample type was based on the primary objective of the study, which focuses on the sociocultural obstacles faced by these owners. Accordingly, the sample was purposive, targeting only startup owners and their associated members, excluding all others.

4. Presentation and Discussion of Study Results:

After presenting and analyzing the field study data and comparing them with the initial hypotheses, several findings can be drawn as follows:

4.1. Entrepreneurial Culture Among Startup Owners:

- Members of startup enterprises are employed based on what Ahmed Hani referred to as the "fraternal model," whereby the employer seeks to ensure the loyalty of the workforce.

- The entrepreneurial culture among startup owners in the local community is acquired rather than innate, as the concept of startups is a modern and external idea introduced to the local context.
- Various non-academic training programs attended by startup owners contributed to the establishment of enterprises. These programs provided university students with the opportunity to experience entrepreneurship as a practical field. The trained individual simultaneously represents an output of the institution where they received training and an input required by the startup.
- The ideas realized by startup owners were linked to the shortcomings and needs of the local environment, aiming to serve the community and address specific societal issues. Consequently, the startup is viewed as an open system, consistent with the systems theory concept.
- The success of a startup depends on the performance of its members. Any deficiency in performance results in disruptions to the organization as a whole, aligning with systems theory, which views the organization as a mechanism.
- Cultural values within the local community shape the managerial behaviors of startup owners, such as collective performance. According to Hofstede, collective performance is a distinguishing feature of Arab societies.
- The entrepreneurial culture of startup owners is influenced by the local environment, which positively or negatively impacts their productivity. This aligns with the concept of the startup as an open system that interacts with its surrounding environment.
- The management of startups is guided by the entrepreneurial culture adopted by the owners as a management model, while simultaneously influenced by local culture through feedback. This necessitates interaction between traditional community

culture and industrial culture within enterprises. This conclusion aligns closely with Mohamed Bachir's study on culture and management in Algeria (Bachir, 2017).

4.2. Sociocultural Barriers to Startup Enterprises:

- The interviews revealed that startup owners face significant bureaucratic obstacles, including extensive paperwork and lengthy procedures. This is due to administrative systems lagging behind the rapid advancements in technology and the fast pace of modern business, hindering a smooth launch for startups.
- The local environment in which the startup operates acts as a deterrent to its progress and success. This is attributed to the lack of cultural change among individuals and the local community's adherence to its traditional culture, which governs and shapes its society. This aligns with systems theory, which posits that the external environment is the surrounding system interacting with the organization through a reciprocal relationship of influence.
- Ambiguity avoidance and uncertainty present significant challenges to the establishment of startups, as these enterprises are inherently founded on risk-taking and adventurous thinking—concepts that are not widely embraced by the local community.
- According to "**Hofstede Geert**" dimension of "masculinity versus femininity" (Ibrahim, 2008, p. 534), it was found that masculinity dominates over femininity in the management of startups. The local society tends to value and grant authority to men more than women.
- The ideas underpinning the establishment of startups in the local community are often imitations of concepts previously implemented in different environments. Their adoption depends on adapting these ideas to the local context. However, the introduction of a new culture often results in cultural clashes and resistance from community members, leading to only partial acceptance of the startup concept.

4.3. Prospects for Startup Enterprises:

- Startup owners aim for rapid growth through the horizontal expansion of their businesses, leveraging feedback to:
 - Achieve customer satisfaction.
 - Improve product quality and performance.
 - Accelerate the company's growth.
 - Enter national markets and aspire to global markets.
 - Enhance competitiveness.
- Feedback also revealed that startup owners wish to relocate their businesses to more favorable locations to better conduct their activities and pursue their desired objectives.
- Based on the above, it can be concluded that the social environment in which a startup operates can sometimes act as a barrier to its progress.

5.Conclusion:

In conclusion, this study has demonstrated that sociocultural factors significantly influence startup enterprises, as evidenced by both theoretical insights and empirical findings. It became clear that not everyone with an idea can establish a startup; the ideas driving the creation of these enterprises are inherently tied to the entrepreneurial culture of their founders. This culture can either act as a barrier or play a critical role in the successful launch and growth of the enterprise at the desired pace. Among the primary obstacles faced are the negative repercussions of local societal culture and the incompatibility of the environment for conducting business activities. However, adapting the concept of the enterprise to align with the local culture can facilitate the achievement of desired future prospects.

Based on the findings, the following recommendations are proposed to mitigate the sociocultural barriers facing startups:

- Focus on fostering innovation and creativity as foundational elements of successful enterprises.
- Emphasize the importance of university graduates and work towards shifting youth mindsets from dependency on employment to entrepreneurial thinking as a means to reduce unemployment.
- Strive to balance the number of individuals trained with the number of enterprises implemented in practice.
- Take into account the specific characteristics of the local environment when replicating ideas.

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