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# Start-up Studios Model as a Structural Framework for Entrepreneurship in Algeria

# نموذج استوديوهات المؤسسات الناشئة كإطار هيكلي لريادة الأعمال في الجزائر

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**Abstract**

This study examines the relevance of the Startup Studio model as an innovative approach to strengthening Algeria's entrepreneurial ecosystem. In a context where startups often face fragmented resources, limited funding, and isolation, the studio model offers a structured, collective framework that brings together ideas, talent, and capital under one roof. Rooted in the principles of open innovation and the resource-based view, it promotes collaboration over competition and transforms entrepreneurship into a shared process rather than an individual struggle. The findings show that this model not only enhances operational efficiency and resource mobilization but also responds to a deeper human need for support, learning, and belonging. Beyond its methodological value, the startup studio introduces a cultural shift — fostering cooperation, resilience, and collective ambition. With targeted application in high-potential sectors such as AgriTech, FinTech, HealthTech, and GreenTech, it could serve as a cornerstone for a more connected and innovation-driven Algerian economy.

**Keywords**

Startup Studio ; Entrepreneurship ; Algerian entrepreneurial ecosystem ;

**JEL Classification Codes** : L26 ; O31 ; M13 ;

**الملخص**

تبحث هذه الدراسة في قابلية تكييف نموذج استوديوهات المؤسسات الناشئة في المنظومة الريادية الجزائرية، حيث يختلف عن الحاضنات التقليدية ببنائه للمؤسسات من الصفر عبر تجميع الموارد والمواهب والتمويل في هيكل موحّد. توصلت النتائج إلى أن هذا النموذج يعالج تشتّت الكفاءات ومحدودية رأس المال وضعف المرافقة، ويحوّل ريادة الأعمال من جهد فردي إلى عملية جماعية قائمة على التعاون والتعلّم .كما بيّنت الدراسة أن قطاعات التكنولوجيا الزراعية، المالية، الصحية، والبيئية هي الأكثر ملاءمة لتطبيقه، مما يجعل الاستوديو ابتكاراً تنظيمياً واجتماعياً يمنح روّاد الأعمال الاستمرارية والانتماء والأمل في نمو مستدام.

**الكلمات المفتاحية**

استوديو المؤسسات الناشئة؛ ريلدة الاعمال؛ النظام البيئي الريادي الجزائري؛

**تصنيف JEL:** L26 ; O31 ; M13 ;

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## I.INTRODUCTION:

In recent decades, a wide range of support structures for entrepreneurs has emerged, aiming to assist them in launching and scaling their ventures. Among the most common are business incubators and accelerators, which provide startups with mentorship, access to support networks, and, in some cases, seed funding. While these models have contributed significantly to the development of entrepreneurial ecosystems, they are not without limitations.

Incubators often suffer from a lack of tailored guidance and a mismatch between the services offered and the actual needs of startups. Accelerators, on the other hand, operate within short and rigid timeframes, pushing startups toward rapid growth that is not always sustainable. Moreover, both models tend to focus on supporting ventures at a relatively advanced stage of idea development, leaving a gap in the earliest and riskiest phases of business creation.

In response to these challenges, the startup studio model has emerged as a new and innovative concept within the entrepreneurial ecosystem. Unlike incubators or accelerators, this model adopts a more agile and integrated approach by generating ideas internally, systematically validating their feasibility, and building startups from the ground up through shared resources and specialized teams. In this sense, startup studios are not merely support structures but co-founding partners that actively participate in the creation and scaling of ventures—thereby reducing risk and increasing survival and sustainability rates.

**The main problem:**

The primary issue of this study was articulated as follows:

***"How can the startup studio model contribute to a more structured, systematic, and resource-efficient approach to entrepreneurship in Algeria?"***

**Research hypothesis:**

- The startup studio model provides an effective framework for structuring and systematizing entrepreneurship in Algeria, leading to more efficient use of resources and higher startup sustainability rates.

This study invites an in-depth examination of how the startup studio model—characterized by its integrated processes, shared infrastructure, and co-founding approach—can address the structural deficiencies that currently impede entrepreneurial development in Algeria. It further assumes that the adoption of such a model could foster a more organized, efficient, and sustainable mechanism for venture creation. By optimizing the use of time, resources, and expertise, startup studios are expected to enhance the overall performance and resilience of the national entrepreneurial ecosystem.

## II. THEORETICAL FRAMEWORK AND PREVIOUS STUDIES:

### 1. Traditional Business Support:

### A. Business Incubators:

−Business Incubators Origins:

The first form of business incubation appeared in the 1950s in Batavia, New York. Following the 1957 closure of the Massey Harris agricultural machinery factory, Joe Mancuso transformed the vacant facility into a shared space for several small emerging businesses instead of leasing it to a single manufacturer. He offered short-term leases, shared offices, basic equipment, and administrative support, in addition to loan incentives negotiated with a local bank. This initiative led to the establishment of the first business incubator in 1959.

During the 1980s, the number of incubators expanded rapidly, reaching about 200 worldwide, and by the 1990s, their role evolved beyond providing space to include mentorship, business training, and networking—particularly for technology-oriented startups. By the early 2000s, over 3,000 incubation structures existed globally. According to the International Business Innovation Association (INBIA), the number of active incubators and accelerators was estimated at around 7,000 in 2019. (Badot, Analyse de l'émergence des startup studios : Quels sont les enjeux des startup studios wallons et bruxellois ?, 2020)

− Definition of Business Incubators:

*"A business incubator is a shared workspace providing startups with strategic support systems, including mentorship, monitoring, and resource access, to facilitate successful venture development while reducing failure risks."* (Dilts, 2004) This definition highlights incubation as a *systematic process* rather than a mere physical space, emphasizing the strategic coordination of resources and guidance — a foundation that later models, have sought to refine and expand through deeper involvement in venture creation.

− Forms of Business incubators:

Caillard & Jean-François distinguish three main types of business incubators public incubators, private incubators, and corporate or academic incubators established by large firms, schools, or universities.

Public and corporate incubators generally do not face major funding constraints, as they rely on strong parent organizations. However, some of them also seek external financing—from startups or private actors—to reinforce their activities.

In contrast, private incubators must define a clear revenue structure to ensure their sustainability. Typically, they charge hosted startups a monthly rent, though some go further by taking a percentage of the funds raised during the incubation period.

As Jean-François Caillard notes, the traditional incubation model often remains fragile. For this reason, some incubators have begun adopting hybrid forms that combine incubation and acceleration. Regarding the equity capital of hosted startups, traditional incubators—whether public, private, or corporate—rarely invest directly. Consequently, unlike many accelerators, their financial participation in startup capital is virtually nonexistent. (Caillard, 2018)

**B. Business Accelerators:**

− Origins of Business Accelerators:

A business accelerator is a type of business incubator that was first launched in 2005 by Y Combinator. This accelerator, based in Silicon Valley, is considered one of the most productive, with more than 2,000 startups having participated in its program (Y Combinator). Since then, the

number of business accelerators in the United States has continued to grow, increasing by 50% annually between 2008 and 2014. (Badot, Analyse de l'émergence des startup studios : Quels sont les enjeux des startup studios wallons et bruxellois ?, 2020)

−Definition of Business Accelerators:

*"A business accelerator is a fixed-term, cohort-based program, including mentorship and educational components, that culminates in a public pitch event or demo-day."* (Cohen, 2014) This definition is one of the most widely cited in the literature because it clearly distinguishes accelerators from traditional incubators — emphasizing time limitation, intensive mentorship, and the competitive, investment-oriented nature of the program.

## 2. Start-up Studios as a New Form of Business Support:

### A. Definition of Start-up Studios:

In the scientific literature, startup studios can be called by different names: startup studio, startup factory, project creator, company creator — which confirms the flexibility and diversity of this model. When studying the startup studio model, it is appropriate to highlight the most common and general definition. 'A startup studio is an organization that aims to create and develop startups from the idea stage. Contrary to venture capitalists, startup studios not only invest money but also invest in administrative and human resources. The startup studio chooses from among various possible business models and employs the key team members (entrepreneurs) for that model, and tests the selected business model with the entrepreneur. (Shein, 2024)

This articulation emphasizes the distinguishing features of the startup studio model vis-à-vis traditional incubators or venture capital: namely, its proactive role in ideation, team-assembly, business-model testing and resource provision — all of which point toward a more structured, integrated and systematized approach to startup creation.

Moreover, the accumulation of experience with each new project grants these studios an antifragile capacity, meaning that they become increasingly efficient and adaptable over time (Szigeti, 2019) and It relies on practical tools such as the Business Model Innovation framework and Design Thinking to ensure effectiveness and competitive capability. (Berger, 2016)

### B. Characteristics of Startup Studios

The Startup Studio model is distinguished by several core characteristics reflected in the literature, despite the diversity of its forms and practices.

**−Founders' Profile**

Badot found out that Startup studios are often founded by experienced entrepreneurs. Notable examples include Evan Williams and Biz Stone (co-founders of *Twitter* and *Obvious Corp.*), Garrett Camp (*Uber* and *Expa*), Thibaud Elzière (*Fotolia* and *eFounders*), and the Samwer brothers (founders of *Rocket Internet*).

Research suggests that prior entrepreneurial experience provides two main advantages: specialized expertise in management and innovation, and strong credibility with investors, which facilitates fundraising and strategic partnerships.

**−Idea Generation**

Ideas within startup studios may originate internally—from founders and team members—or externally, through independent entrepreneurs or corporate partners. For instance, *Idealab*, one of the most renowned startup studios, draws ideas from three sources: its founder Bill Gross, the internal team, and occasionally, external entrepreneurs.

**−Capital and Financing**

Startup studios differ from traditional models by maintaining a larger equity share in the startups they create—an average of 36%, which can reach up to 95%. Funding sources typically include:

- Founders themselves;
- Venture capital funds;
- Corporate partners;
- Angel investors;
- Self-financing or revenues from parallel activities.

Two primary financing structures prevail:

1. Independent corporate entity model, where the studio funds its own operations;
2. Sidecar fund model, where a parallel fund co-finances the startups.

Studies indicate that the average investment per startup in studio models is around $232,000, with an annual budget averaging $2.27 million.

**−The Team**

The success of a startup studio largely depends on a multidisciplinary team, which often proves more effective than a solo entrepreneur. Four key roles typically emerge: the entrepreneur, the designer, the manager, and the coordinator. Team organization varies among studios:

- Dedicated teams for each startup;
- A central core team with gradually appointed CEOs;
- A full in-house team complemented by external leadership.

Studios also offer competitive salaries to ensure financial stability for team members, unlike the uncertainty often faced by independent founders.

**−Operational Process**

Startup studios follow an all-in-one approach that goes beyond traditional incubators by providing financing, human resources, business model design, MVP development, marketing, and strategic as well as administrative support. (Badot, Analyse de l'émergence des startup studios : Quels sont les enjeux des startup studios wallons et bruxellois ?, 2020)

**C. Startup Studios vs. Incubators vs. Accelerators**

Kohler and Baumann highlight that the startup studio model differs fundamentally from other entrepreneurial support structures such as business incubators and accelerators. Unlike these models—which primarily encourage and assist the development of startups—the studio functions as a factory for startups, characterized by speed, efficiency, scalability, standardization, and shared resources. (Köhler, 2018)

**Table (01): Startup Studios vs Incubators vs Accelerators**

| Aspect | Startup Studio | Business Incubator | Business Accelerator |
|---|---|---|---|
| **Goal** | Builds startups from scratch (idea to launch) | Supports early-stage ventures | Scales existing startups rapidly |
| **Duration** | Long-term (≈ 5–7 years) | Medium-term | Short-term (3–6 months) |
| **Support Type** | Deep operational and managerial involvement | Infrastructure, mentoring, and networking | Training, mentoring, and initial funding |
| **Out-put** | 2–4 startups/year | Several supported simultaneously | ~10 per cohort |
| **Funding** | Internal capital and shared equity | Public or private aid | Seed investment for equity |
| **End Goal** | Exit through IPO or acquisition | Sustainable growth | Investment readiness and scaling |

**Source**: Adapted from Kohler & Baumann (2014)

**D. The Process of Startup Creation in Startup Studios:**

The startup studio model operates through a structured process composed of several key phases, each designed to transform ideas into scalable ventures while optimizing the use of resources and minimizing risk. And Technically (Lawrence, 2019) summarized this process into five main phases.

**Phase 1: Core Inputs**

The studio gathers a set of fundamental resources necessary for creating new ventures:

- Entrepreneurs : Individuals with ambition and an entrepreneurial vision.
- Ideas: Innovative and scalable projects or solutions.
- Network: Connections with partners, experts, and investors.
- Capital: Financial resources to support the early stages of development.
- Skills & Processes: Practical expertise and structured methodologies for execution**.**

**Phase 2: Testing and Iteration (Test & Iterate)**

- Initial testing of ideas is conducted through prototypes and rapid experiments.
- If the idea fails to demonstrate potential, resources are reallocated to other promising projects.

**Phase 3: Spin-Off**

- Once an idea proves viable, it is spun off from the studio to become an independent startup.
- At this stage, the team is expanded, and additional funding is secured to support growth.

**Phase 4: Continuous Testing and Iteration**

- The startup continues to experiment and refine until achieving a stable, market-fit product or service.
- If it fails, its resources are reintegrated into the studio to support other projects.

**Final Phase: Exit**

- When the startup reaches a level of success and sustainability, it moves toward exit strategies, such as acquisition, initial public offering (IPO), or other forms of financial independence.

**E. Algerian Entrepreneurial Ecosystem:**

The concept of the *entrepreneurial ecosystem* refers to a set of interconnected actors within a specific geographical area that collectively influence the future trajectory of the entire system. It brings together public policies, generalist and specialist support structures, experts (accountants, lawyers, consultants, etc.), research and funding organizations, as well as entrepreneur clubs and events that aim to strengthen entrepreneurial activity. (Theodoraki, May 30–June 1, 2016)

The Algerian entrepreneurial ecosystem is still in a developing stage but consists of a set of interconnected actors that collectively support innovation and business creation. Its main components include:

- **Public institutions and government agencies** – such as the Ministry of Knowledge Economy, ANVREDET, and ANPT, which define policies, provide financial support, and promote entrepreneurship at the national level.
- **Universities and research centers** – which contribute to entrepreneurial education, research, and technology transfer.
- **Incubators and accelerators** – offering training, mentoring, and operational support to emerging startups.
- **Financial institutions and public funds** – providing seed and early-stage financing for innovative projects.
- **Private actors** – including consulting firms, business angels, and corporate partners that bring expertise, networks, and investment opportunities.
- **Entrepreneurial associations, clubs, and events** – fostering collaboration, peer learning, and the diffusion of entrepreneurial culture. (SAMIR, Janvier, 2024)

Conversely, the Algerian entrepreneurial ecosystem still faces several structural weaknesses that limit startup development and adaptability:

- **Funding limitations** remain a major obstacle, as few financing instruments are available to support early-stage growth.
- **Regulatory and market immaturity**, combined with a lack of coordination among key stakeholders, further constrains entrepreneurial activity.
- Overall, the ecosystem does not yet provide a sufficiently supportive environment for sustainable startup growth.

Thus, despite the government's ongoing efforts to improve the legal and institutional framework, Algeria's entrepreneurial ecosystem is still in a formative stage and requires substantial strengthening to effectively foster startup success. (Kheireddine, 2025)

## III. METHOD AND PROCEDURES:

This study adopts the Startup Studio model as a conceptual and practical framework to explore new mechanisms for fostering innovation and entrepreneurship in Algeria. The rationale for selecting this model lies in its strong organizational capacity, resource integration, and systemic efficiency, which make it particularly suited to emerging economies characterized by resource fragmentation and limited venture capital activity.

The model represents a shift from traditional incubation and acceleration toward structured venture creation, where ideas, talent, and capital coexist within a single operational entity. This structure aligns with Algeria's current economic reforms aimed at stimulating entrepreneurship as a lever for diversification and job creation.

### A. Limitations of the Current Entrepreneurial Ecosystem in Algeria

Despite the growing awareness of entrepreneurship in recent years, Algeria's start-up ecosystem still faces several structural barriers that constrain its overall efficiency and scalability.

- **Business incubators:** Most incubators primarily focus on basic training and mentorship. However, they often lack the operational tools and financial capacity needed to support product development or early scaling.
- **Accelerators:** Their number remains limited, and they tend to suffer from weak access to venture capital and a lack of international networks that could facilitate cross-border growth.
- **Local start-ups:** Although many entrepreneurs display creativity and innovative thinking, they frequently struggle to move from the ideation stage to building a viable minimum viable product (MVP) or entering the market (go-to-market phase). The main constraints include scarce seed funding, limited technical skills, and a shortage of experienced mentors.

### B. Why the Start-up Studio Model Fits the Algerian Context

- **Resource Pooling:**
  By consolidating key talents — developers, designers, marketers — within a single operational structure, a start-up studio can overcome the fragmentation and scarcity of skilled human resources. This approach allows for faster, higher-quality product development and shared learning across projects.
- **Shared Capital Approach:**
  In an environment where venture capital (VC) funds are still underdeveloped, the studio model provides a pragmatic financing mechanism. It can rely on mid-sized investments sourced from public institutions, banks, or corporate partnerships, enabling the creation of multiple ventures simultaneously and reducing the overall risk exposure.
- **Sectoral Focus:**
  Algeria possesses strong untapped potential in several high-impact sectors that could serve as the foundation for specialized studios:
  - AgriTech: Enhancing agricultural productivity, traceability, and smart irrigation.
  - FinTech: Expanding financial inclusion and digital payment solutions.
  - HealthTech: Promoting telemedicine and e-health systems.

- GreenTech: Advancing renewable energy and sustainable water management. A vertical, sector-focused studio specialized in one or two of these areas would likely achieve greater depth and long-term impact than a generalist incubator with scattered initiatives.

- **Higher Success Rates and Lower Risk:**
  Unlike incubators, which often bet on numerous independent start-ups with high failure rates, studios operate under close managerial supervision and shared resources, significantly improving the odds of survival and scalability.

**C. Practical Steps for Adapting the Model to Algeria**

**-Step One: Define a Clear Sectoral Focus:**

Choose a strategic field aligned with national priorities — such as FinTech or AgriTech — to establish a clear identity and focused expertise.

**-Step Two: Mobilize Experienced Entrepreneurs**

Go beyond academic or institutional mentors and involve practitioners who have already launched or managed start-ups. Their practical experience provides invaluable insight and credibility for early-stage founders.

**-Step Three: Adopt a Hybrid Funding Structure (Public–Private–Corporate)**

The studio should not rely solely on public funding. Instead, it should blend contributions from large corporations (e.g., Sonatrach, telecom operators, banks), public support (ANPT, CNES, ministries), and private investors, creating a balanced and sustainable financing model.

**-Step Four: Build a Permanent, Multidisciplinary Team**

Include developers, UX experts, digital marketers, and legal advisors. Unlike incubators that let each start-up operate independently, a studio maintains a core internal team that supports all projects, fostering cumulative expertise and shared operational standards.

**-Step Five: Establish Sound Governance and Capital Structure**

The studio should retain a minority but influential equity stake (typically 20–30%), while leaving the majority ownership to the founders. This ensures strong founder motivation while maintaining strategic oversight.

## IV.STUDY RESULTS (ANALYSIS AND DISCUSSION) :

The study shows that the DNA of the Startup Studio fits naturally with Algeria's current stage of entrepreneurial maturity.

Many incubators and accelerators, though valuable, remain limited to training and basic mentoring. Entrepreneurs often leave these programs with pitch decks rather than functioning products. The studio, however, provides something different — continuity, execution, and shared ownership of risk.

Findings also show that the sectors most receptive to this model are those where Algeria already has tangible potential:

- AgriTech, for smart irrigation and production optimization;
- FinTech, to modernize transactions and inclusion;

- HealthTech, especially in telemedicine;
- GreenTech, for water and renewable energy management.
  A vertical studio, focused on one or two of these domains, could achieve more impact than a generalist incubator trying to cover everything.

Yet, the data also reveal that the implementation of the model faces several local barriers:

- Administrative rigidity continues to be one of the strongest frustrations expressed by entrepreneurs. Procedures are slow, legal frameworks ambiguous, and many startups feel suffocated before they even begin.
- Cultural factors also play a role. The preference for job security and fear of failure still dominate. The studio could soften this risk by creating a collective buffer, but this cultural shift will take time.
- Funding governance emerged as another challenge. A hybrid model requires transparency, clear ownership structures, and trust between public institutions and private investors — something still in the making.

These constraints, however, should not be viewed as obstacles, but as areas of necessary institutional learning. Each limitation highlights what must evolve if we want the ecosystem to breathe and grow.

## V.CONCLUSION:

In conclusion, the findings strongly affirm that the Startup Studio model is far more than an imported framework, it is a timely and contextually grounded response to Algeria's entrepreneurial challenges. Beyond its structural and financial advantages, the model fulfills a deeply human dimension of entrepreneurship: the desire to be supported, co-built, and understood. Academically, it can be interpreted as a hybrid form of organizational innovation, integrating the logics of open innovation and the resource-based view, where success is determined not by individual brilliance but by the collective orchestration of resources, human, financial, and intellectual. On a practical level, it restores the missing sense of continuity, belonging, and shared purpose among Algerian entrepreneurs, transforming what is often a solitary and uncertain journey into a collaborative process of resilience and co-creation. Ultimately, this study underscores that the true value of the studio model lies not only in its technical design but in its emotional and social resonance. It introduces community where there was isolation, learning where there was trial and error, and collective hope where there was fatigue. If embraced and adapted wisely, the startup studio model could redefine entrepreneurship in Algeria — turning fragmented efforts into united movements of innovation capable of shaping a more sustainable and inclusive economic future.

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