

**Business Incubators in Algeria:
A Catalyst for Startup Success****BENATMANE Aicha**

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Received: 28/09/2025**Accepted:** 07/11/2025**Published:** 25/11/2025**Abstract:**

The current study explores the role of business incubators as key players in achieving sustainable economic development. It views them as one of the most paramount instruments that support the growth and evolution of start-up projects. These incubators provide an integrated nurturing environment that combines technical, administrative, and service-based support, which enables entrepreneurial ventures to launch with confidence and eventually enhances their chances of survival in the market. The study confirms that business incubators are vital for promoting innovative, technology-driven start-ups. They provide targeted programmes for guidance and mentorship in management and administration, develop entrepreneurs' skills and competencies, and provide essential resources that facilitate commercial success.

Keywords: Business Incubators, Startups, Technology.**JEL Classification:** L26, M13.

1. Introduction:

In the last few decades, the global economy has seen some significant changes due to the fast pace of scientific innovation, especially in the fields of technology and institutional organisation. This gave rise to what we call the knowledge economy, whose foundation is based on information and technical innovation. This structural transformation has posed increasing challenges to countries, especially developing ones, requiring a reorientation of development policies towards the use of contemporary mechanisms and modern technologies in viable development programmes and projects.

In this context, investing in scientific research and developing technical solutions has become a strategic option for addressing the constraints of the present and the challenges of the future, and for achieving comprehensive and sustainable development goals in all their proportions.

Business incubators have emerged as an undeniably innovative instrument within policies aimed at supporting innovation and promoting entrepreneurship. They have received increasing attention in economic and management literature and academia due to their vital role in supporting start-ups and guiding them towards sustainability.¹

Incubators are more than just physical spaces; they are robust supporting systems that provide technical guidance, administrative support, logistical services and even partial financial aid during the start-up phase. In this regard, business incubators allow entrepreneurial ideas to be transformed into realistic and practical economic projects with a tangible impact, especially in the growth of small and medium-sized enterprises.²

Recent data sets demonstrate the efficacy of incubators in promoting entrepreneurship and sustainable economic investment. In Algeria, for instance, the presence of approximately 124 university incubators and 60,000 enrolled students is a significant indicator of the transformation of educational institutions into economic and investment engines.³

Globally, the number of incubators is estimated to be between 7,000, with significant diversity in growth and spread across countries. The high survival rates of incubated companies, estimated at 87%, confirm that these programs positively impact the success of entrepreneurs (businessnewsdaily.com). Numerous field studies in Portugal and India, for example, display the importance of designing policies that support incubator programs, as they enhance social capital and contribute to the sharing of technical knowledge in disadvantaged environments. This supports the theory of interdependence, as incubators lead to sustainable local development rather than brain drain.

Despite the integration of this model into the fabric of employment support policies and the development of small and medium-sized enterprises, the incubator experience in Algeria remains relatively nascent, as its implementation suffers from several structural and functional constraints, including weak infrastructure, a lack of coordination between economic actors, and a lack of expertise in management and technical support. A further disparity exists between public policies and the requirements of the field, impeding the optimal utilisation of available innovative dynamics.

This study aims to analyse the role of business incubators in supporting emerging companies in Algeria. It will achieve this by examining the reality of this experience, identifying shortcomings, and monitoring prospects for its implementation in line with the components of the knowledge economy and the requirements of sustainable development in the local context.

1.1 The Study's Problematic:

The problem of this study stems from the urgent academic need to comprehend the role business incubators do play in supporting emerging enterprises, particularly in the Algerian context, which is currently seeing fast economic transformations and a growing trend towards a knowledge economy and innovation. The study is therefore part of a field study into the significance of business incubators in enhancing the dynamism of entrepreneurial projects and facilitating their integration into the national economic fabric.

Based on this, the current study addresses a fundamental question that can be framed as follows: How do business incubators contribute to supporting and promoting emerging enterprises in Algeria? To clarify the dimensions of this problem, the following sub-questions can be posed: What is the precise concept of business incubators? What are the objectives behind their emergence and spread in contemporary economic environments? What is the theoretical framework upon which emerging enterprises are based, as the leading players in this system? Finally, what is the reality of business incubators in Algeria in terms of their organisational structure, level of performance, and their ability to keep pace with the challenges of growth and innovation in the national market?

Providing contextualised answers to these central questions would be conducive to the establishment of a more profound and situated comprehension of the dialectical relationship between business incubators and economic development. Furthermore, it facilitates the exploration of prospects for the development of policies that support entrepreneurship in Algeria.

1.2 Study hypotheses:

In light of the above presentation of the research problem, the central hypothesis of the study can be formulated as follows:

Business incubators play a far-reaching role in supporting start-ups in Algeria by providing the technical, administrative and logistical support necessary for their development and competitiveness, thereby contributing to their chances of success and sustainability, particularly in light of the challenges associated with the accelerating pace of competition in the markets. These incubators also contribute effectively to stimulating economic and social dynamism by creating jobs, generating wealth and promoting sustainable development at the local and national levels.

1.3. Significance of the Study:

The study derives its primary importance from the fundamental role of business incubators themselves in supporting and fostering emerging enterprises and the extent of their contribution to their development, particularly in their early stages. The study also highlights the role of these incubators in activating the national economy, providing jobs, and encouraging investment in light of rapid local and international transformations.

The importance of this study also stems from the other roles played by business incubators in backing and sustaining emerging enterprises, particularly those of an innovative and technological nature. The practical implication of this topic is also evident in the extent to which these incubators can transform entrepreneurial ideas into successful and sustainable economic projects, contributing to comprehensive economic development.

In such a context, our study highlights the extent to which business incubators contribute to supporting the national economy by creating jobs, encouraging local investment, and expanding the production base, especially in light of the challenges and rapid transformations witnessed in the local and international economic context. Therefore, this study seeks to provide an analytical vision of the reality of these incubators in Algeria and explore ways to activate their role and achieve their development goals more effectively and efficiently.

1.4. Literature review:

In this section of the study, a systematic review of the scientific literature on business incubators and their role in supporting start-ups will be conducted, with a particular focus on the Algerian context. The present review has been undertaken to equally elucidate the concepts and theoretical models that frame the idea of incubation.

In addition, it seeks to scrutinise the empirical impact of incubators on the survival and growth of start-ups. Finally, it identifies the research gaps that this study seeks to address. In order to achieve this objective, a set of selection criteria was adopted, with the recency of publication and the relevance of the content to the subject of start-ups and business incubators being given particular priority. Arab and Algerian studies were given clear priority in the selection process (from peer-reviewed articles, university dissertations, and institutional reports). The following studies were selected for review:

* The present study is an examination of the research conducted by **Nourdin Ahmed Hossam El Din** and **Badash Taher** in 2022, which is entitled "The Reality of Business Incubators in Algeria: Frameworks and Challenges" addressed the regulatory and legal issues that frame the function of incubators in the Algerian context, focusing on the institutional and developmental challenges associated with their effective performance. The researchers employed a descriptive analytical approach, analysing government policies, the legislative framework governing the incubator system, and relevant national programmes.

The study revealed the inadequacy of the legislative framework governing incubator activity, as well as the absence of regular institutional evaluation mechanisms to measure their performance and effectiveness. The analysis further emphasised the deficient coordination and integration among the primary stakeholders within the system, namely universities, research centres, and the industrial sector. This suboptimal coordination hinders the efficacy of endeavours to establish a nexus between university innovation and the national economy. The study recommended the need for profound institutional reforms with the aim of better framing the Algerian experience and activating partnerships between the various sectors involved in entrepreneurship. The study also makes a meaningful contribution to the existing body of knowledge by offering a broad legal and political background, thereby enabling a profound understanding of the structural impediments that

hinder the efficacy of business incubators in Algeria. Additionally, it functions as a valuable reference point for the conceptualisation of public policies in the domain of business incubation.⁴

* The study of **Kahili Rahma** and **Khadash Katia** entitled 'Business incubators as a mechanism for supporting innovation in Algeria – a case study of the Sidi Abdullah business incubator', which examined the Sidi Abdullah incubator as a promising model for supporting innovative projects and linking them to various sources of development support. The study adopted a descriptive analytical approach, employing interviews and analysis of official documents as the primary tools for data collection and analysis.

The results showed that the incubator succeeded in creating an environment conducive to innovation and worked to connect project holders with supporting institutions and potential partners, which contributed to enhancing the opportunities for transforming entrepreneurial ideas into viable projects. However, the study noted several obstacles, most notably: weak funding allocated to the incubator, limited promotion of its services, and inadequate training and qualification programmes offered to beneficiaries.

This study had made an important addition to the recent literature on business incubators in Algeria, as it reflects the latest economic and investment developments in the Algerian capital and highlights the pivotal role of incubators in stimulating innovation and enhancing the effectiveness of entrepreneurial incubation policies.⁵

* The study of **Khaled Abdelwahab** entitled: 'The Impact of Business Incubators' Efficiency on the Creation of Small and Medium-sized Enterprises – A Study of Institutions Affiliated with the Enterprise Development Agency in Ouargla,' which is a doctoral thesis conducted at the University of Qasdi Merbah – Ouargla. The study aimed to assess the organisational and operational efficiency of sixteen (16) official business incubators in Algeria, comparing this experience with leading international experiences in the field. The researcher used a questionnaire-based method, administered to incubator managers and incubatees, and coupled with statistical analysis to extract relevant quantitative indicators. The results displayed shortcomings in the upgrade of assistance and public services provided to beneficiaries, and administrative communication, compared to the good application of technical standards and institutional affiliation criteria that regulate the incubation process.⁶

The current study highlights the administrative and operational dimensions of institutional efficiency in Algerian incubators. It contributes to the recommendation of practical performance evaluation indicators that can be used to improve the quality of incubator services and enhance their effectiveness in supporting small and medium-sized enterprises.

* The study of Khawani Leila and Shuaib Baghdad entitled: 'The role of business incubators in supporting scientific research in Algeria - a case study', sought to analyse how university incubators contribute to supporting scientific research and transforming its outputs into tangible economic applications. The study used a descriptive-analytical methodology, with a specific case study focus on several Algerian universities that have business incubators.. The results concluded that university incubators are a key tool for

accelerating innovation and technology transfer to the productive sector. However, they suffer from weak organisational structures, a lack of funding to sustain their activities, and limited skills and expertise in the management of university incubators.

This study provides a crucial framework for understanding the role of university incubators in the national innovation system. It highlights the structural challenges that limit their effectiveness, enabling researchers to identify institutional gaps that require in-depth studies and reforms to enhance their performance.

The conducted systematic review of the literature confirms the widespread agreement on the pivotal role of business incubators in mitigating start-up risks and promoting the survival and growth rates of start-ups through integrated service packages (mentoring, financial empowerment, networking, technology transfer). However, studies in the Algerian context show that structural, regulatory, financial and human constraints continue to limit the expected impact of incubators, compared to international experiences that have established clear governance frameworks and measurable performance standards. The review of previous studies also highlighted important research gaps, most notably: the absence of standardised metrics for evaluating post-graduation performance, the paucity of longitudinal studies tracking incubated companies over time, and the limited evidence on the impact of different service components (mentoring, financing, networking) individually.

2. What are Business Incubators?

2.1. The evolutionary path of Business Incubators:

The roots of business incubators date back to 1959 in Batavia, New York, USA, where the first business incubator was established to reuse abandoned industrial buildings and create new job opportunities in the region⁷. However, it was not until the 1980s that the idea of incubators fully materialised. During this period, the United States saw an extensive increase in their creation as a strategic move to foster entrepreneurial and innovative projects. This expansion was aided by support from federal and local governments, universities, and private institutions, which laid the organisational foundations for this institutional model.⁸

With the success of the American experience, the idea of incubators moved to Europe in the mid-1980s, where countries such as the United Kingdom, France and Germany adopted this model, adapting it to suit the European economic environment. European objectives initially focused on addressing unemployment resulting from industrial change, then evolved to include promoting technological innovation and supporting small and medium-sized enterprises⁹. In the 1990s, the idea spread to Asia and Latin America, driven by global economic transformations and the shift towards a market economy.¹⁰

In developing countries, the idea of business incubators has gradually emerged over the past two decades as part of policies to encourage entrepreneurship and support innovation. In Algeria, the first official business incubator experiments appeared at the beginning of the third millennium, supported by national programmes in collaboration with international organisations, particularly the United Nations Development Programme (UNDP) and the World Bank. However, this experiment is still relatively new and faces

several institutional and structural challenges that limit its effectiveness, such as a lack of funding and weak administrative capacities¹¹.

The historical development of business incubators reflects their growing importance as a strategic tool for supporting start-ups. They are no longer limited to providing physical space, but have evolved to offer an integrated support system that includes guidance, training, financial facilities and logistical services. Incubators have also become a key element in building the knowledge economy, as they contribute to accelerating the transformation of innovative ideas into economic projects capable of creating added value and sustainable growth¹².

2.2. Definition of Business Incubators:

There are numerous definitions of the term 'business incubators' depending on the context, specialisation and research perspective of the scholar. The most important of these definitions can be summarised as follows: Scholar Qahf defines business incubators as: "a government or private institutional structure that performs a diverse spectrum of activities aimed at providing advice, counselling, services, and financial, administrative and technical assistance to small businesses and industries, whether in the initial stages of starting up, during their operation, or throughout the growth stages that different enterprises go through"¹³.

Meanwhile, researcher Kafi sees it as: "A development institution with its own legal, administrative and financial entity, dedicated to helping entrepreneurs establish, manage and develop new projects by providing a comprehensive package of services, consultations, facilities, support and assistance mechanisms for a specific period called the incubation period, after which they can rely on themselves, enter the job market, and establish their small development projects outside the incubator"¹⁴.

In the same context, Mir defines Business Incubators as:

"An organisation that works to create a successful plan for graduating businesses after three or four years in the incubator. Business incubators secure and facilitate communications and open up access to new information, which helps technological development and facilitates the steps involved in translating creative ideas into a successful business that allows for the fastest possible transfer of technology"¹⁵.

The experts Hackett & Dilts define it parallelly as a selection and incubation mechanism; it selects high-potential projects and provides them with a package of effective field interventions (educational spaces, services, guidance, funding links) for a specific incubation period, with performance measured by market survival rates, growth, and job creation after the end of the incubation period¹⁶. Grimaldi & Grandi also argue that incubators are entities with different models (university, technological, mixed, for-profit, etc.) that share the goal of reducing the cost and risk of market entry through shared resources, specialised services and the empowerment of cooperation networks.¹⁷

From these definitions, it can be concluded that business incubators represent a comprehensive institutional system that aims to support emerging businesses in their initial and critical stages by providing advisory services, administrative and technical support,

financial facilities, and sometimes even shared workspaces, which enables these enterprises to launch into the labour market more strongly and sustainably.

2.3. Importance and objectives of Business Incubators:

The importance of business incubators can be summarised in the following points:¹⁸

- Providing scientific advice and feasibility studies for small and medium-sized start-ups;
- Connecting start-ups and innovative projects with productive sectors, market dynamics and requirements;
- Encouraging venture capitalists to set up their own companies, which are described as venture capital or risk capital companies;
- Contribute to the application of scientific research results, innovations and creations in the form of productive projects;
- Provide employment opportunities;
- Establish and support small and medium-sized productive and service projects that rely on the application of appropriate technologies and modern innovations;
- They help projects overcome the administrative, financial, technical and marketing difficulties that are usually encountered during the establishment phase.
- Business incubators also aim primarily to incubate small enterprises and work to achieve the following:¹⁹
- Reducing start-up costs;
- Reducing business risks associated with the initial stages of project launch;
- Reducing the time needed to develop the project and its output;
- Avoiding mistakes and reducing duplication of effort, which gives rise to cost pressures;
- Increasing success rates, encouraging distinctive ideas and ensuring the sustainability of incubated enterprises;
- Helping enterprises to develop new types of products or new areas of activity.

2.4. Types of Business Incubators:

Business incubators are a type of support designed to assist new projects of various kinds and help them grow and develop. There are many classifications of incubators depending on the purpose for which they were established. The most important types are as follows :²⁰

- **Regional incubator:** This type of incubator serves a specific geographical area with the aim of developing it, and works to utilise local resources of raw materials and services and invest in the untapped potential of young people in this area.
- **International incubator:** This incubator promotes the attraction of foreign capital with a high-quality technology transfer process and focuses on international financial and

technological cooperation with the aim of qualifying national companies through international companies, developing them, and pushing them to expand and move towards international markets.

- **Industrial incubator:** This incubator is established within a specific industrial zone after identifying the needs of this zone in terms of industries and supporting services, where benefits are exchanged between large factories and small enterprises affiliated with the incubator.
- **Sector-specific incubator:** This incubator serves a specific sector or activity, such as software or engineering industries, and is managed by experts specialising in the activity to be focused on.
- **Technical incubator:** These are technological incubators that aim to invest in advanced designs for new products, with access to advanced equipment and devices, and to leverage scientific research and technological innovations and transform them into successful projects.
- **Research incubator:** This incubator is usually located within a university or research centre and works to develop the ideas and designs of faculty members.
- **Internet incubator:** This is an institution that helps internet and software start-ups grow to maturity.

2.5. Services provided by Business Incubators:

Incubators offer a comprehensive package of services, including the following:²¹

- Provision of support services (security, maintenance, cleaning), with the provision of loading, unloading and transport equipment, as well as the allocation of temporary storage space to meet the needs of micro and small enterprises;
- Enabling technology incubators affiliated with universities and research centres to reduce their financing needs through arrangements whereby these universities share ownership of intellectual property rights and patents;
- Providing equipped offices supported by shared facilities and support services according to use, space and rental period;
- Assisting incubator-affiliated institutions in accessing sources of funding by connecting them with potential investors;
- Providing various training services such as management skills development, strategic planning, and information technology;
- Holding seminars to exchange ideas on market developments and laws to enhance the chances of survival of incubator-affiliated institutions;
- Providing legal services related to establishment, registration, contracts, licences, intellectual property protection and patents needed by incubator-affiliated institutions at reduced costs;
- Incubators can build relationships with bodies involved in export services or with institutions specialising in marketing to provide sufficient facilities, procedures and

guarantees for the activities of the small and medium-sized enterprises affiliated with them;

- Incubators organise seminars and exhibitions aimed at attracting financiers from venture capital firms and businesspeople.

3. Generalities about Startups:

The term "startup" first came into use instantly after World War II, with the emergence of venture capital firms. According to the English dictionary, a startup is defined as a small business that has just begun. The word "startup" is a combination of "start," meaning the idea of launching, and "up," meaning the idea of aggressive growth.

3.1. Definition of a Startup:

A startup is defined as an entrepreneurial idea for a project. It takes the form of a newly established business that meets a market need by creating a viable and scalable product or business model. It usually has limited resources to work with to develop a model that can be replicated and scaled globally ²². A startup has also been defined as an independent economic entity created to develop an innovative product or service under conditions of high risk and uncertainty. It usually arises in an environment that relies on creativity and knowledge and aims for rapid market expansion ²³. Patrick Fridenson defined it as: "The formation of a startup is not related to age, size, or sector of activity, and the following four questions must be answered":²⁴

- Potential growth;
- Use of new technology;
- The need for significant funding and high-profile fundraising;
- Be sure that the market is new and the risk is difficult to estimate.

In the same vein, according to the Algerian legislator in Article 11 of Executive Decree 20-254 establishing the National Committee for Startup Labels, Innovative Labels, and Incubators, it states: "A startup is considered any enterprise subject to Algerian law that meets the following criteria:

- The enterprise must not be older than 8 years, as the startup label remains valid for 4 years and may be renewed once for an additional four years;
- The startup's business model must be based on innovative products, services, a business model, or any other idea;
- The annual turnover must not transcend the amount determined by the National Committee;
- Its capital must be at least 50% owned by natural persons, investment funds, or other institutions bearing the name "startup";
- The enterprise's capabilities must be sufficiently large;
- The number of employees must not exceed 250, as is the case with the employee ceiling for small and medium-sized enterprises;
- The enterprise must be subject to Algerian law, i.e., operating within Algerian territory."

3.2. Characteristics of Startups:

Startups are discerned from other economic institutions by several characteristics that enable them to stand out, the most important of which are:²⁵

- A newly established and temporary institution: Startups are known to begin with the mental state of the project owner, i.e., the thought process that leads to the launch of the business (before legal registration). Therefore, they are a young institution for a specific period, transitioning to a larger institution or failing and moving on to another opportunity.
- An institution focused on innovation: Startups are characterised by continuous innovation and development, such that they may succeed in introducing a new product, modifying an old product with an innovation, a new service, or a new supply method, in a new and innovative market.
- A high capacity for growth and development: The most important characteristic shared by startups is their ability to grow and conquer markets, and to generate very rapid and significant revenues compared to the costs of establishment and operation. This encourages capitalists to fund them despite their high failure rates. These are rapidly developing institutions with the potential to generate huge profits.
- Risk and uncertainty: Since it is based on innovation, the market does not exist, and if it does exist, it is unsaturated. Therefore, conducting market research is difficult due to the lack of information, as startups operate in an unknown environment.
- Searching for an innovative business model: This aims to penetrate an existing market with a new innovative idea or create a new market that meets a previously unseen need. The business model is unique and replicable to generate profit streams. It is also scalable, ensuring expansion and growth.
- The target market type is an innovative market: An innovative market refers to consumers who have control over precise, fast-paced, and complex technologies.
- Team spirit: Entrepreneurs usually have a team to allocate resources, each according to their skill level in their field. This is especially true since most startup owners are university graduates with little experience. They work to achieve integration among team members to ensure the success of the idea and the launch of their businesses.
- Focus on a single innovative service/product: The entrepreneur and their team usually focus on and develop one core innovative idea, so as not to divert efforts, until the desired outcome is achieved.
- Funding and Investors: The entrepreneur usually begins by relying on self-financing or funding from friends and family. However, every startup based on the knowledge economy will turn to two types of investors: venture capitalists and business angels, who provide the capital that allows it to grow and develop.

3.3. The Startup Life Cycle:

A startup goes through a life cycle of different stages:²⁶

- **The first stage** before the startup launching: This is when an individual or group of individuals presents a prototype of an innovative, new, or even crazy idea. During this stage, in-depth research is conducted, the idea is thoroughly studied, and the market, behaviour, and tastes of the target consumer are studied to ensure its feasibility, development, and

future sustainability. The search for funding is usually self-financing in the early stages, with the possibility of obtaining some government assistance.

- **The second stage** is the launch stage: In this stage, the first generation of the product or service is launched, as it is still unknown. Perhaps the most challenging thing an entrepreneur can face at this stage is finding someone to adopt the idea and finance it. At this stage, entrepreneurs often resort to what is known as FFF (Friends, Family, Fools). Friends and family are often the first source of funding that the entrepreneur turns to for financing. Financing can also be obtained from fools, who are people willing to risk their money, especially at the beginning, when the risk is high. At this stage, the product needs much promotion and is expensive, and the media begins to advertise the product.
- **The third Stage** or the early stage of takeoff and growth: The product reaches its peak, enthusiasm is high, and supply expands. At this stage, activity can expand beyond its initial innovators. Negative pressure begins as the number of product exhibitors increases, and failure begins. Other obstacles may emerge, which could push the curve downward.
- **The fourth Stage** or Valley Slide: Despite continued funding from venture capitalists (venture capitalists), the project continues to decline until it reaches a stage that can be called the Valley of Sorrow or the Valley of Death. This can lead to the project's exit from the market if left unaddressed, especially since growth rates at this stage are very low.
- **The fifth Stage** or Climbing the Ramp: During this stage, the entrepreneur continues to refine and improve his product and launch improved versions. The startup begins to recover, thanks to the strategies implemented and the team's experience. The second generation of the product is launched, its price adjusted, and its marketing expanded.
- **The sixth Stage** or High Growth: During this stage, the product is fully developed, exits the trial and testing phase, and is introduced to the appropriate market. The startup begins its continuous growth and upward trajectory. 20% to 30% of the target audience has likely adopted the innovation, ushering in economies of scale and achieving massive profits.

3.4. Stages of Incubation of Startups by Business Incubators:

Projects enrolled in the incubator are supported and monitored during the various stages of their lifespan in three phases:²⁷

- The first phase, pre-incubation: This phase primarily involves helping the entrepreneur develop the business idea. This occurs before the startup joins the incubator. A meeting must be held between the entrepreneur and the incubator management to analyse the idea, assess its viability, and evaluate creativity through internal competencies and external committees. The business incubator also helps the entrepreneur define their business idea precisely and develop a business model by answering the following questions: Who are the target consumers? What are the distribution channels? Who will establish and finance the project? The business plan is prepared by completing financial estimates. Training at this stage focuses on administrative skills and more specialized topics (property rights, administrative laws and regulations, etc.).
- The second stage is the incubation stage or the project's joining the incubator: This stage lasts from the initial implementation of the project idea until it reaches maturity and expansion (from one to three years). During this stage, the incubator works to provide all

the services that will facilitate the entrepreneur's implementation of their idea on the ground at the lowest cost. After the contractor contracts with the incubator and joins it, he can benefit from the infrastructure (offices and facilities) provided by the incubator at reasonable prices. Generally, the services provided during this stage vary depending on the nature of the incubator and the project. The incubator also works to mobilize financial resources through fundraising and crowdfunding to provide the necessary funding to implement the idea. Supervision and guidance are provided during the project implementation stage, and the incubator's management provides specialized technical assistance and consultation. Training will also continue during this stage. All services provided by the incubator will help the startup achieve high growth rates.

- The third stage is the graduation stage from the incubator. This is the final stage for projects within the incubator. It occurs after achieving the desired goals, expanding the startup's activity and growth, and gaining prominence in the business world as a creative idea. Its market expands from local to global. An exit plan is developed, determined by the incubator program (after internationalization and electronic marketing). This is based on graduation requirements and a set of criteria, such as the organization's revenues or employment levels, rather than the duration of the program. Although at this stage, the project becomes fully established and capable of operating outside the incubator, it can continue to benefit from its services and guidance even after exiting.

4. The Role of Business Incubators in Supporting and Promoting Startups in Algeria

4.1. The Reality of Business Incubators in Algeria:

Inspiring from the French legislation, the Algerian legislature incorporated the concept of incubators into its nurseries. The latter were defined following Executive Decree 03-78 of Dhu al-Hijjah 24, 1423 AH (corresponding to February 25, 2003), which includes the Basic Law of Business Incubators, as: "Public institutions of an industrial and commercial nature, enjoying legal personality and financial independence." They aim to assist and support the establishment of enterprises that fall within the framework of the policy of promoting small and medium-sized enterprises. Incubators take one of the following forms:²⁸

- Incubator: A support structure that supports project holders in the small industry and crafts sector.
- Linking workshop: A support structure that supports project holders in the small industry and crafts sector.
- Enterprise hostel: A support structure that supports project holders within the research field.
- It is noted that the Algerian legislator has divided the types of incubators according to the type of sector to which the projects belong. Incubators are concerned with institutions operating in the service sector, while enterprise hostels handle institutions operating in the field of research. This differs from the concepts used in developed and developing countries, where the term "incubators" is not limited to the service sector but encompasses all types of sectors, particularly the research and technology sector.

- The Algerian legislator also defined the types of business incubators and the public bodies and organizations that manage them. A business incubator may be public or private, an industrial or commercial institution, a non-profit or for-profit institution. The number of small enterprises within an incubator is set between 20 and 50. The greater the number, the more complex management becomes, but at the same time, it contributes to increasing the incubator's profitability.

4.2. Conditions for the Success of Business Incubators in Algeria:

Given that Algeria's experience in the field of technology business incubators is still a mere project that needs to be implemented and implemented on the ground, we believe that its success in achieving its development goals in the economic and social fields depends on the availability of several economic and social factors and conditions that facilitate actual technological development for society, which incubators primarily work to achieve. Among these factors are the following:²⁹

- The presence of strong and innovative scientific research and research institutions capable of contributing to economic growth by transferring and localizing new technologies that lead to the creation of new products or services, or improving their quality.
- The presence of a spirit of creativity and innovation. Technological change is not limited to the introduction of new production methods or new products alone. However, it can occur through a series of small and large improvements and additions to an existing product or service. The ability to imagine and innovate results from the interaction between the surrounding community and the individual's resources, which in turn are influenced by the educational process and the level of awareness in the surrounding community.
- The presence and prevalence of a culture of entrepreneurship and optimism. Small business development can only flourish in a society characterized by an entrepreneurial spirit and a love of entrepreneurship, and by the presence of a group of entrepreneurs with special administrative talents, a willingness to take risks, and the adoption of new ideas.
- The availability of support and assistance mechanisms, which can be achieved through the expansion of business and technology incubators and institutions that support emerging projects, such as science and technology parks and cities.

Looking at leading international experiences in the field of business incubators, we find some good practices that can serve as a guide to establishing effective business incubators in Algeria. We summarise these practices in the following basic elements:³⁰

- Establish objectives from the outset, taking into account market trends, economic development requirements, and investor returns, to avoid any future conflicts.
- Recruit an executive director for the incubator who has the experience, desire, and ability to support the incubator's affiliated businesses and their owners, particularly concerning their communication with investors and major companies in the incubator's affiliated businesses' activities.
- Select affiliated businesses based on their owners' experience and competence, the marketability of their products, and their integration with other incubator-affiliated businesses.
- Develop business planning and decision-making skills.

- Assist in developing business plans tailored to each project and serving the project's objectives.
- Prepare workshops on various topics to develop the incubated individual's skills.
- Understand financial, marketing, and administrative issues.
- Develop promotional skills.
- Provide internet, telephone, fax, copying, security, mail, secretarial, and accounting services.
- The incubator connects the incubated to various investment channels and financiers, such as banks and private sector investors.
- Partnerships with global incubators.

In addition, it seeks to join the Arab Incubators Network, which includes incubators from most Arab countries. The network aims to:³¹

- Support existing business incubator centres in the Arab world by strengthening a regional network of entrepreneurs.
- Establish new business incubator centres at universities.
- Encourage entrepreneurial activities by encouraging innovation and supporting the development of new companies.
- The incubator's constructive capacity and its impact on the surrounding community through changing cultural and social beliefs about self-employment and the establishment of new companies.

4.3. Criteria for the Success of Business Incubators in Developing Startups:

The success of business incubators in developing startups is measured according to several criteria, including:³²

- The number of projects graduating from the incubator;
- The percentage of successful projects after graduating from the incubator;
- Creating new job opportunities;
- The number of new products and services developed in the incubator;
- The incubator's ability to encourage small business owners and foster their risk-taking spirit;
- Attracting in-demand industries, particularly service industries, including those that do not require highly skilled workers, generating additional tax revenues for the government and acceptable financial returns for their owners.

The real success of an incubator is also gauged by its capacity to disseminate technology and adopt and develop the ideas and patents of academics and researchers. The success of an incubator also depends on the competence of the incubator manager and its staff.

4.4. The Role of Business Incubators in Supporting and Developing Startups:

The role of business incubators in supporting and developing startups is represented by:³³

- Providing scientific advice and feasibility studies to small and medium-sized enterprises and startups;
- Linking startups and innovative projects to productive sectors, market dynamics, and market requirements;

- Encouraging venture capitalists to establish their own companies, described as venture capital firms;
- Contributing to the application of scientific research, innovations, and creativity in productive projects;
- Providing job opportunities;
- Helping emerging enterprises overcome the administrative, financial, technical, and marketing difficulties that they typically face in the founding phase, intending to ensure the survival and continuity of the enterprise;
- Working to establish small and medium-sized production and service projects that rely on the application of appropriate technologies and modern innovations.

4.5. Challenges Facing Business Incubators and Startups in Algeria:

Despite the vital role business incubators worldwide have played and continue to play in supporting and promoting startups, in the Algerian context, they are still far from the advanced levels reached by some developed countries. Overall, both business incubators and startups in Algeria suffer from several shortcomings and face challenges that hinder their development.

This is due to several complex reasons that we summarise as follows:³⁴

- The novelty and limited nature of both the concept of business incubators and startups in Algeria.
- Weak and unqualified human resources, and a lack of sufficient background in entrepreneurship in Algeria, which faces numerous difficulties and challenges, particularly regarding the lack of creative and innovative ideas.
- Weak financing and a lack of investment capital.
- Bureaucratic procedures and a failure to keep pace with legislation and laws.
- Lack of productivity and a failure to conform to international standards, which makes Algerian products unable to enter major markets due to their weak competitiveness.
- Insufficient governmental spending on scientific research, and the disconnect between universities and scientific research centres from the real world.
- Technical backwardness and failure to keep pace with developments in the global business environment (electronic payment, e-commerce, etc.).
- Public business incubators suffer from their remoteness from urban areas and their incompatibility with established incubator models worldwide, such as the high rents of the infrastructure they provide to entrepreneurs.

5. Conclusion:

Business incubators are a trendy innovation that helps to foster individual initiatives, talents, and innovations to become a lived reality. The primary role of business incubators is based on their ability to change, develop, and embrace new ideas. They are a compelling mechanism for supporting and developing emerging businesses. A coordinated national system is essential for generating added value and increasing the productive efficiency of Algerian institutions. The study reached several conclusions, the most important of which are the following:

- Business incubators provide the necessary information for conducting feasibility and market studies, and provide the necessary consultations for emerging businesses.
- Business incubators help those with creative and scientific ideas translate these ideas into reality.
- They help innovators transform their ideas into marketable models, products, or processes.
- Incubators create diverse business opportunities for young people, especially university graduates, and support and assist them in starting new projects, encouraging them to implement and develop their ideas and innovations in various fields.
- Business incubators provide new funding sources for startups and the financial resources needed for project activities, in addition to finding new partners and leveraging their expertise.
- Business incubators help startups overcome the challenges they face, especially at the start of a project. They also provide facilities and administrative services, helping them achieve high growth rates.
- Business incubators help connect startups and innovative companies with productive sectors, market dynamics, and market requirements.
- Business incubators help find solutions to develop investment and job opportunities, support and diversify the national economy, and promote creativity and innovation in the field of entrepreneurship. They also provide guidance and mentorship to ensure their continued success and market expansion, especially in light of intense competition.
- Business incubators are a recent experience in Algeria that requires further improvement and attention to enable them to play their role in supporting and developing startups.

6. Study Recommendations:

While business incubators have proven globally effective in nurturing startups by creating favourable environments and facilitating market access, the Algerian model is still in its nascent stages. The country lags behind developed nations in both economic and regulatory fields. Accordingly, a set of practical recommendations can be proposed to activate the role of incubators and enhance the success of entrepreneurship in Algeria:

- Creating an appropriate environment for incubators by creating an effective network of relationships and communications between various economic and financial institutions, which enhances opportunities for cooperation and integration in supporting start-up projects;
- Optimising the available technical competencies in providing technical advice and support, which requires attracting those with expertise and specialisation in various fields related to entrepreneurship;
- Reviewing the legal framework: Enacting updated legislation that defines the incubator and the incubation cycle, distinguishing them from "business accelerators," while simplifying the establishment and graduation procedures and defining the rights/duties of the parties.
- Focus on training and qualifying human resources supervising incubators, whether through local training programs or partnerships with specialised international institutions. This contributes to developing their capabilities and updating their cognitive and technical tools.

- Offer targeted training and mentoring programs for young entrepreneurs, to promote an entrepreneurial culture and empower them with the basic skills to manage their projects effectively.
- Encourage creative ideas and innovative projects, as they are the primary driver of the knowledge economy and a means of achieving sustainable development.
- Enhance coordination and integration between incubators, universities, and scientific research centres, enabling the translation of research ideas into implementable applied projects and contributing to the link between academic and economic aspects.

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